

JAMES & TATTON for STEEL

LAW SUMMARY

GENERAL Soviet leader, yesterday... U.S. ...

Share Index closed at the day's worst of 414.4, down 14.1—the highest fall in a single day for just over a month.

h set bomb pact free ... card defeat to disunity ... tin go-ahead charges ...

rono hold-up ... ina drought ... intoff visit ...

ief PRICE CHANGES YESTERDAY ...

... 482 - 11 ... 214 - 9 ... 512 - 15 ...

Table with columns for various stock indices and prices, including FT 30, FT 100, and various commodity prices.

Callaghan likely to follow up Liberal talks

BY RICHARD EVANS, LOBBY CORRESPONDENT

Mr. David Steel, the Liberal leader, met the Prime Minister for more than an hour last night in crucial talks that could determine whether the Labour administration survives the Conservative motion of no confidence to-morrow night.

TUC sceptical of incomes policy deal under Tories

BY CHRISTIAN TYLER, LABOUR CORRESPONDENT

UNION LEADERS made no move yesterday to influence the Prime Minister's tactical discussions with the Liberals and other minority parties.

Aid, shake-up for Bond Worth

BY MARGARET REID

EQUITY CAPITAL for Industry, asked to approve amended limits and also offered a short-term loan of £25m.

Table with columns for 'FEATURES' and 'ON OTHER PAGES', listing various news items and their page numbers.

Budget will go ahead

By Peter Riddell, Economics Correspondent

A BUDGET statement of some kind will be made next week whatever the outcome of to-morrow night's confidence vote in the Commons.

At the other key meeting of the day Mr. Callaghan and Mr. Foot had discussions with Mr. James Molyneux, leader of the UUDs and Mr. Enoch Powell, MP for South Down.

Neither would comment until they discussed the situation with their six colleagues to-day but there was no sign of any change in the determination of the majority of the UUD MPs to oppose the Government.

Mr. Molyneux is thought to be less committed to opposing the Government than many of his hard-line colleagues, but would probably go along with a majority decision to support the Government.

Mr. Molyneux is thought to be less committed to opposing the Government than many of his hard-line colleagues, but would probably go along with a majority decision to support the Government.

Mr. Molyneux is thought to be less committed to opposing the Government than many of his hard-line colleagues, but would probably go along with a majority decision to support the Government.

Mr. Molyneux is thought to be less committed to opposing the Government than many of his hard-line colleagues, but would probably go along with a majority decision to support the Government.

Mr. Molyneux is thought to be less committed to opposing the Government than many of his hard-line colleagues, but would probably go along with a majority decision to support the Government.

Mr. Molyneux is thought to be less committed to opposing the Government than many of his hard-line colleagues, but would probably go along with a majority decision to support the Government.

Mr. Molyneux is thought to be less committed to opposing the Government than many of his hard-line colleagues, but would probably go along with a majority decision to support the Government.

Mr. Molyneux is thought to be less committed to opposing the Government than many of his hard-line colleagues, but would probably go along with a majority decision to support the Government.

Mr. Molyneux is thought to be less committed to opposing the Government than many of his hard-line colleagues, but would probably go along with a majority decision to support the Government.

Mr. Molyneux is thought to be less committed to opposing the Government than many of his hard-line colleagues, but would probably go along with a majority decision to support the Government.

Janata Front near absolute lead in India

BY DAVID HOUSEGO, ASIA CORRESPONDENT

MRS. INDIRA GANDHI was expected to resign shortly, after the crushing defeat inflicted on her Congress Party in India's General Election.

The defeat, compounded by the loss of her own constituency, ends the dominance of Congress, which has ruled India since independence in 1947.

To-night Mrs. Gandhi, who assumed power on the death of Mr. Lal Bahadur Shastri in January 1966, was said by her supporters to be calm and composed despite the humiliation of having a request for a recount in her own constituency of Rae Bareilly rejected by the district magistrate.

Spokesman said she was drafting her resignation statement at her home in the capital, and receiving occasional visits from senior members of her party.

Though counting was still incomplete, the Opposition Janata Front looked like obtaining an absolute majority with about 280 seats in the 542-Member Parliament.

The first signs that to all intents and purposes Indira was no longer under Mrs. Gandhi's administration came early this morning when Mr. B. D. Jatti, the acting President, announced that the emergency declared by Mrs. Gandhi in June 1975 had been lifted.

The practical effect was to make possible the release of some thousands of political prisoners detained under the Maintenance of Internal Security Act.

The decision was taken at a Cabinet meeting. The Congress party seemed likely to win a meagre 170 seats as against the 350 it gained in the 1971 election on the crest of the so-called 'Indira' wave that followed Mrs. Gandhi leading the country to victory in the 1971 Indo-Pakistan War.

The party, demoralised by the tide of electoral defeats across the whole of northern India, was due to meet to-morrow to elect a new leader. The most likely candidate is Mr. V. B. Chavan, the Foreign Minister, though Congress suffered a severe setback in his home State of Maharashtra than anybody expected.

Evidence of the split in the Opposition over the leadership came in conflicting statements from the Janata Front and the Congress for Democracy.

After Mr. N. Bahuguna, Mr. Ram's deputy in the Congress for Democracy, attended a meeting of the Janata national committee to-day, a Janata spokesman announced that the Congress for Democracy had agreed that members elected under their joint banner would act as a single bloc.

After the Indian election, Page 18

The French have 15 names for British businessmen

AIR FRANCE advertisement listing 15 destinations: PARIS, NICE, LA BAULE, LILLE, NANTES, LYONS, BORDEAUX, etc.

LOMBARD

Why the TUC wants power

BY GEOFFREY OWEN

IT HAS BECOME a commonplace to say that the power of the trade unions has increased, is increasing and ought to be diminished. But from the trade unions' point of view there are some important gaps where their power is weak or non-existent. They would argue that it is in the interests of society as a whole, not just of trade union members, for those gaps to be filled.

More rational

Most important in Hughes' view, has been the trade unions' involvement in macro-economic policy and, from 1972, the acceptance by Government of the TUC's role in this new style of macro-bargaining. The assumption of increased economic and social responsibility, and increased rationality by the TUC, through this approach is startling: increased rationality because sectional bargaining never took seriously the total consequences of its push, whereas now "total arithmetic" is involved...

RACING

Herminius can do it again

BY DOMINIC WIGAN

HERMINIUS, who gained an overdue and well deserved success when beating Cornish Princess in the final strides of the King John Chase at Worcester recently, looks capable of following up in this afternoon's 34-mile Trent Chase at Nottingham.

NOTTINGHAM

- 3.00—Herminius**
3.30—Remigis
4.00—Woodvale
4.30—Atenea**

PLUMPTON

- 2.15—Ranuk's Queen*
2.45—Bredgar
3.15—Serpent Prince
3.45—Albury Lad
4.15—Mac Vid
4.45—Royal Epic

SALEROOM

Porcelain fetches £34,781

MONDAY is rarely the most exciting day in the London salerooms, and yesterday was no exception. Christie's sold English porcelain for £34,781. Best price was £3,500 for a Chamberlain's Worcester dinner service, bought by Graham & Oxley.

BY ANTONY THORNCROFT

The same sum acquired a first edition of Albin's Natural History of Birds, and De Candolle's Histoire des Plantes Grasses.

County's crime up 6%

THE NUMBER of crimes recorded by police in Surrey last year rose by 8.45 per cent to 23,519. Most were committed by London criminals.

WINE

The progress of the European market

BY EDMUND PENNING-ROWSELL

A REPORT ON the wine market in 28 European countries, west last decade, the reason for the east, has just been published. It is a massive study in vineyard area in vineyards and an increase in production of quality wines.

Improved yields

Of major interest is the record of growth or decline in production, consumption, imports and exports. As for production, the general picture is of growth in improved yields.

Bulk buying

Naturally, per capita figures do not tell the whole story, and the decisive statistic is the number of million of hectolitres of wine consumed in the country's drinkers.

Excise duty

Indeed, Frost & Sullivan, that wine consumption, severely held back, especially the non-producing countries with high customs and excise duties, is expected to fall even further.

TV Radio

Table with columns for BBC 1, BBC 2, and LONDON. Lists various programs and their times.

LONDON

Table listing various programs and their times for the LONDON region.

GRANADA

Table listing programs and their times for the GRANADA region.

HITV

Table listing programs and their times for the HITV region.

SCOTTISH

Table listing programs and their times for the SCOTTISH region.

SOUTHERN

Table listing programs and their times for the SOUTHERN region.

TYNE TEES

Table listing programs and their times for the TYNE TEES region.

ULSTER

Table listing programs and their times for the ULSTER region.

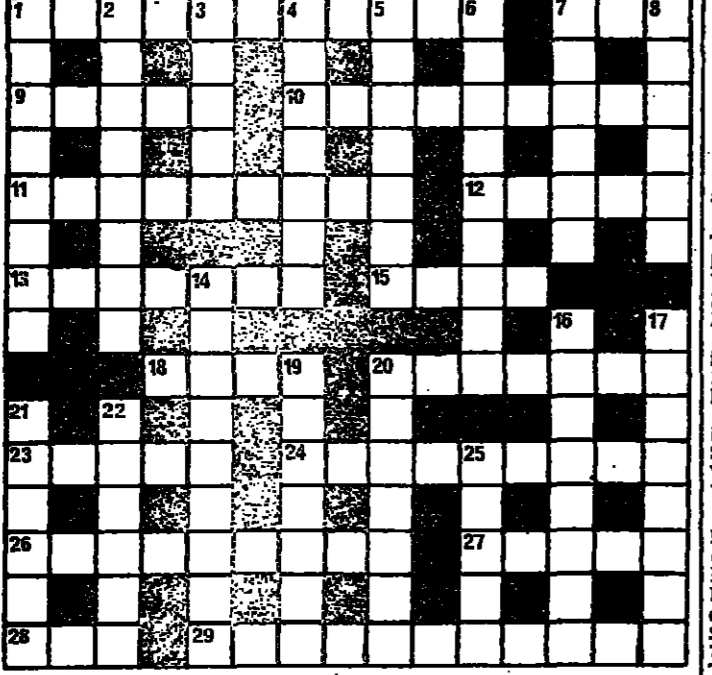
WESTWARD

Table listing programs and their times for the WESTWARD region.

YORKSHIRE

Table listing programs and their times for the YORKSHIRE region.

F.T. CROSSWORD PUZZLE No. 3336



- ACROSS
1 Provide food and support—or just grub? (11)
7 Right to come back? Rubbish (3)
9 Be of value to a state I felt (5)
10 Splendid display requiring time in the larder (9)
11 One who should know his way—the way to the Creator (4,5)
12 Status went first and irritated (5)
13 Search minutely—on a slope? (4)
14 Fever that gets half-of us in time (4)
15 Fish to cook, but only partially (7)
16 Take over a party exercise (5)
17 Putting roof on that church in Greek capital (8)
18 Lead around there to be thrashed (8)
19 Mean to change but remains on stage (5)
20 Small and sweet at heart (3)
21 Discreet friend speaking as an M.P.? (11)

RADIO 1

247m. (5) Stereophonic broadcast. 6.30 a.m. As Radio 2. 12.00 Pop News. 1.00 News. 1.30 News. 2.00 News. 2.30 News. 3.00 News. 3.30 News. 4.00 News. 4.30 News. 5.00 News. 5.30 News. 6.00 News. 6.30 News. 7.00 News. 7.30 News. 8.00 News. 8.30 News. 9.00 News. 9.30 News. 10.00 News. 10.30 News. 11.00 News. 11.30 News.

RADIO 2

1.30pm and VHF 6.30 a.m. News Summary. 6.40 a.m. News. 7.00 a.m. News. 7.30 a.m. News. 8.00 a.m. News. 8.30 a.m. News. 9.00 a.m. News. 9.30 a.m. News. 10.00 a.m. News. 10.30 a.m. News. 11.00 a.m. News. 11.30 a.m. News.

RADIO 3

484m. Stereo & VHF 12.55 p.m. News. 1.00 p.m. News. 1.30 p.m. News. 2.00 p.m. News. 2.30 p.m. News. 3.00 p.m. News. 3.30 p.m. News. 4.00 p.m. News. 4.30 p.m. News. 5.00 p.m. News. 5.30 p.m. News. 6.00 p.m. News. 6.30 p.m. News. 7.00 p.m. News. 7.30 p.m. News. 8.00 p.m. News. 8.30 p.m. News. 9.00 p.m. News. 9.30 p.m. News. 10.00 p.m. News. 10.30 p.m. News. 11.00 p.m. News. 11.30 p.m. News.

NOTICE OF REDEMPTION

To the Holders of The Broken Hill Proprietary Company Limited 10% Debentures Due 1990

ISSUED UNDER INDENTURE DATED AS OF MAY 1, 1975

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the above-mentioned Indenture \$825,000 principal amount of the above described Debentures have been selected for redemption on May 1, 1977...

DEBENTURES OF \$1,000 EACH

Table listing debenture numbers and their corresponding values for redemption.

On May 1, 1977, the Debentures designated above will become due and payable as aforesaid in each of the currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts...

THE BROKEN HILL PROPRIETARY COMPANY LIMITED

Dated: March 22, 1977

NOTICE The following Debentures previously called for redemption have not as yet been presented for payment:

Table listing debenture numbers and their corresponding values for redemption.

SPY

... of the market Muti's Prokofiev by MAX LOPPERT

ancras Church C. P. E. Bach by NICHOLAS KENYON

... than some we have... Mendelssohn and his followers...

The Entertainment Guide is on Page 40

re Pool, Wembley Pink Floyd by ANTONY THORNCROFT

... easier and easier to... close outside the auditorium...

A British Cultural Festival in Iran

Verdi's Requiem in York Minster

Covent Garden Proms



Winterhalter: Queen Victoria and family (1846)

National Portrait Gallery/Royal Academy Happy and brilliant year by WILLIAM PACKER

The Silver Jubilee of Her Majesty's Accession is proving itself already to be a splendid excuse for all manner of celebration and amusement...

Meanwhile, at Burlington House, another celebratory show has opened; which is no surprise, for it is unthinkable that the Royal Academy should have done nothing to mark this special year...

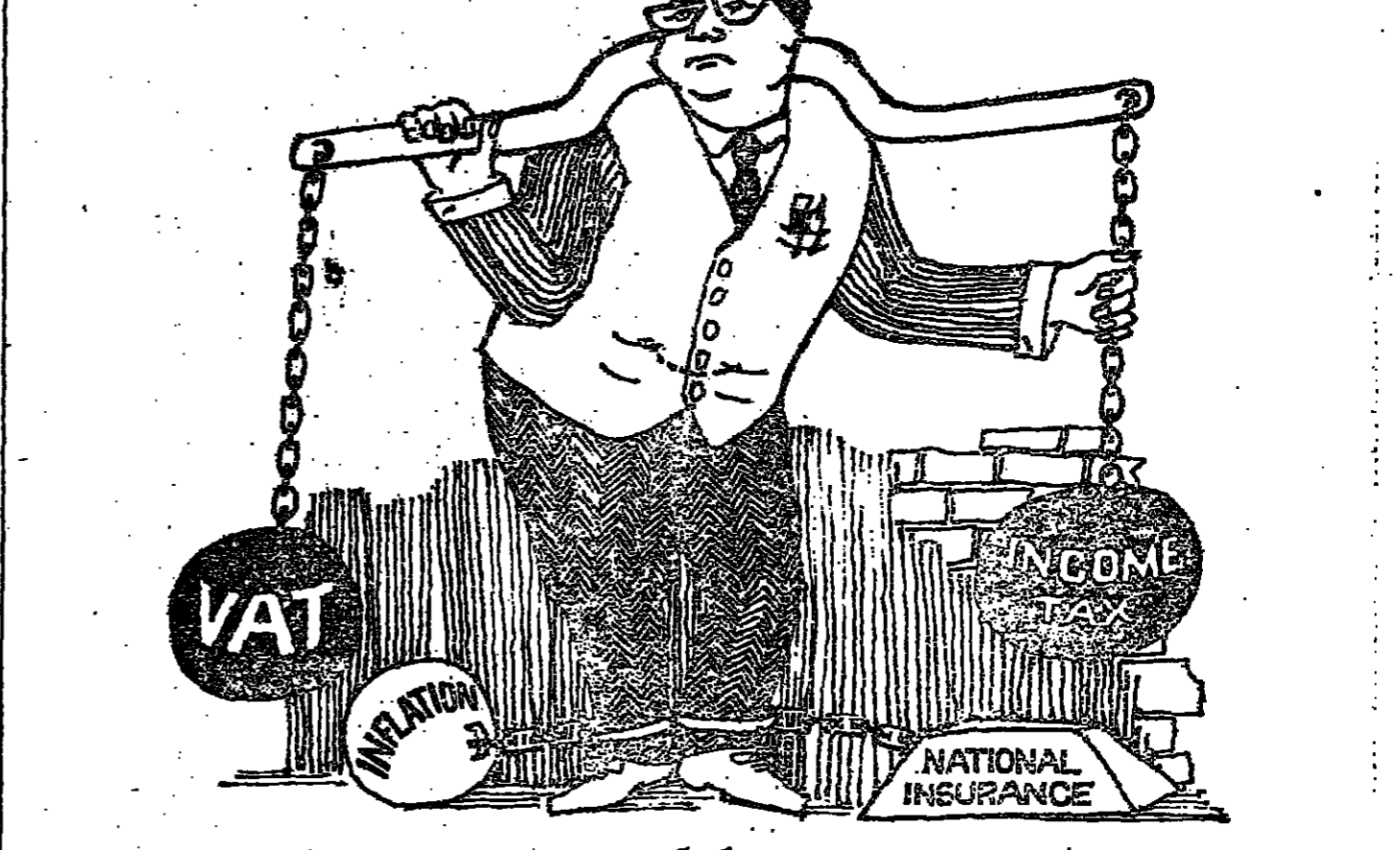
Purcell Room Ars Nova by NICHOLAS KENYON

Matthew Locke died 300 years ago, in August 1677. What hope for us remains now he is gone?

There will be a sixth season of Proms at the Royal Opera House, Covent Garden, from Monday April 11 to Tuesday April 19...

New York music Elliott Carter by ANDREW PORTER

Elliott Carter's latest composition, dedicated to the New York Philharmonic and its music director, Pierre Boulez, is A Symphony of Three Orchestras...



Is it still worth being self-employed?

VAT Income Tax. Capital Transfer Tax. National Insurance Contributions. Inflation. What's left for the self-employed? Tomorrow's reward for today's work.

Form for MGM Assurance, including fields for Name, Position, Company Name, and Company Address. Includes the MGM Assurance logo and 'Established 1852'.

COMPANY NOTICES

BRASCAN LIMITED

Notice to Holders of Share Warrants to Bearer
Brascan Limited ("Brascan") has arranged with Morgan Guaranty Trust Company of New York at Brussels, Belgium ("Morgan Guaranty") to establish a facility for Bearer International Depository Receipts ("IDR's") in respect of Class C Convertible Ordinary Shares without nominal or par value in the capital of Brascan (the "Class C Shares").

BURBAN ROODEPOORT DEEP LIMITED

NOTICE OF MEETING
NOTICE IS HEREBY GIVEN that the annual general meeting of Durban Deep Limited will be held at the conference room, eleventh floor, 65, Park Street, Johannesburg, on Thursday, 21st April 1977, at 10h30 for the following business:

RENEWIN INCORPORATED

NOTICE IS HEREBY GIVEN that the 32nd Annual General Meeting of the shareholders of the Company will be held on Wednesday, 23rd March 1977, at 10.45 in the auditorium on the 5th floor of the head office of the Company at 24-26, Broad Street, Birmingham, B1 2JQ, for the following business:

EUROPEAN NEWS

NEW U.S. ENVOY IN ROME

Communist hopes for end to ostracism

BY DOMINICK J. COYLE IN ROME

THE ARRIVAL of a new ambassador in Rome is hardly the stuff for headlines, but this principle does not hold good when he is the new envoy of the Carter administration.



Mr. Richard Gardner

The Christian Democrats suspect that President Carter's new man in Rome, replacing the arch-conservative Massachusetts Republican, Mr. John Volpe, will, uniquely for an American envoy in Rome, open direct contacts with Communist Party (PCI) leaders of the kind maintained by some—but by no means all, including the British—ambassadors in the Italian capital.

The Communists will be disappointed if Mr. Gardner does not do just that and it is already clear that the PCI leadership expects under the Carter administration an early change from the "old cold-war anti-Communist stance reactivated by the Nixon-Kissinger team."

But the PCI expects a significant, if gradual, change under the Carter Government, a change, it is argued here, motivated at least by a desire in Washington to know more about the Italian brand of Communism and its recognition of the fact that the party does not command the support of more than one in three of the electorate.

None, in the view of Italian Communists, who feel rightly that they have been ostracised diplomatically, by successive Washington administrations and that the party's top leaders have

been denied even the chance to visit the U.S. by an over-rigid interpretation of a 1952 congressional law governing the granting of visas to known Communists.

True, any change may be one of emphasis rather than real substance, at least in the foreseeable future, but symbolism is important in Italian politics, and one can only now speculate on the type of coverage—not to mention interpretation—that the local media would give to a photograph, say, of Mr. Gardner shaking hands with PCI leader Sig. Enrico Berlinguer, during what elsewhere would be seen as a routine ambassadorial courtesy call.

President Carter himself, both in his election campaign and since, has made it fairly clear that his basic attitude to Italian Communists is not essentially different from that, for example, of Dr. Henry Kissinger. He would not personally like to see long-cherished "historic compromise" it would remain a firm supporter of Italy staying within NATO and the Common Market, although in both alliances it would like to see some changes. And what better endorsement could there be for the PCI's professed commitments to democracy and pluralism than diplomatic acceptance by the U.S.?

None, in the eyes of the party leadership, is precisely where Mr. Gardner comes in.

This month's student riots in Rome, Bologna and elsewhere in Italy, while obviously exploited by paramilitary forces on the political extreme, have demonstrated that much of the Italian youth is not just opposed to the old Christian Democrat order, but that it is not much impressed either with the Communists.

Last week's PCI central committee meeting on this very topic produced its own wisdom of acting responsibly by maintaining the Andreotti Government in office, even at this delicate moment for the Italian economy.

Some members called for a return to full-blooded parliamentary opposition, in effect for bringing down the Government and talking a chance of new elections.

Sig. Berlinguer, who has also been the politically sensitive (both at home and in Moscow) problem of determining the extent of his party's public reaction to the question of dissent in Russia and the Communist bloc, could use a little endorsement of his professed policy of "responsibility."

This, in the eyes of the party leadership, is precisely where Mr. Gardner comes in.

Mr. Gardner comes in.

Mintoff for talks with Owen on bases

Maltese Premier, Mintoff, leaves for London where he is to discuss issues with the Foreign Secretary, Dr. David Owen, and increased British investments in Malta at meetings planned to be held in Malta last week-end rather than, as is usual, at the State Department and before the Secretary of State.

Greece and Turkey's manoeuvre

Greece and Turkey being held in the eastern and air force manoeuvres in the Aegean area of the Aegean Sea, the two countries are taking place in the Aegean Sea, the two countries are taking place in the Aegean Sea, the two countries are taking place in the Aegean Sea.

APPOINTMENTS

COMMUNITY APPOINTMENTS, traders, trustees, administrators and accountants. Tel. Graham Stewart, 01-439 1701.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITORY RECEIPTS

IN MITSUBI & CO. LTD., TOKYO
NOTICE IS HEREBY GIVEN that at a meeting held on January 21, 1977, the Board of Directors adopted a resolution authorising a free distribution of shares of the Company's Common Stock to shareholders of record as of 3.0 p.m. on March 31st, 1977 in Japan (March 30, 1977 in New York City) at the rate of 1 share for each 4 shares held.

EAST RIND PROPRIETARY MINES

NOTICE OF MEETING
NOTICE IS HEREBY GIVEN that the eightieth annual general meeting of East Rind Proprietary Mines Limited will be held in the conference room, eleventh floor of the Park Street, Johannesburg, on Thursday, 21st April 1977, at 10h30 for the following business:

LEGAL NOTICES

No. 6624 of 1977
In the HIGH COURT OF JUSTICE Chancery Division Companies Court in the Matter of PUBLICITA LIMITED and in the Matter of THE COMPANIES ACT, 1948.

AUCTIONEERS SURVEYORS LAND AND ESTATE AGENTS Blairgowrie

Advertisement for Care of Hostalen pipes by Hoechst. Features a large image of a pipe and the Hoechst logo. Text includes: 'Fortunately, not everyone thinks about water supplies only when there's a drought. Some years ago, a high density polyethylene, called Hostalen, revolutionised the manufacture of mains water pipes. Now they're used by water authorities throughout the UK. Unlike traditional supply systems they resist corrosion. They're flexible, easy to handle and transport. Hostalen makes it easy to relined faulty water mains, too. This means a great saving in time and cost. And who developed Hostalen? Hoechst. It's one of the world's largest companies. Last year it spent over £200 million on research alone. Hoechst in the UK employs over 8,000 people. In 1976, its UK companies had a turnover of about £300 million. Its products in the UK, apart from plastics, include agrochemicals, pharmaceuticals, veterinary products, chemicals, decorative and industrial paints, high tenacity fibres, packaging films and office equipment. For more facts, please write: 'Care of Hoechst', Salisbury Road, Hounslow, Middlesex. Or phone 01-570 7712 ext. 3169.'

EUROPEAN NEWS

FRENCH LEFT'S LOCAL ELECTION GAINS

Coalition blames defeat on disunity

DAVID CURRY

PARIS, March 21.

MEMBERS OF the ruling centre-coalition in France have admitted disunity within the ranks of the Gaullist leader, Valéry Giscard d'Estaing, for the severe defeat and a collection of various 80 Mayors.

country, along with 10 'Centre of 21 new town halls and also 24 local Socialist-led administrations, while the Gaullist leader himself spelled out that he would insist on the Majority adopting his own tactics of polarising the issues and branding the Socialists as dangerous collectivists keeping undemocratic company with the Communists.

Seven Ministers lost their regional power bases. The bitterest pill was the defeat at Communist hands in the 18th sector of Paris of M. Michel d'Ornano, the Giscardian nominee for Mayor, whose candidature provoked the entry into the race of M. Chirac. His defeat by the Left in his chosen constituency and by M. Chirac in Paris as a whole (about half the seats in the 100-strong Paris Assembly seem pledged to M. Chirac's election as Mayor) marked a severe rebuff for the President.

The divisions could be laid bare again within a matter of days, when M. Chirac sets about composing his Paris government. M. d'Ornano had sought the financial directorship for his own party, but with Chirac partisans close to a majority on their own account and fewer than 20 Giscardians on the council, M. Chirac may feel ill-disposed to make a concession.

WACS ahead likely

Colin Rutherford

IT IS now a strong chance, special meeting of NATO ministers, called to take place on the Airborne and Control System (ACS), will take place in Paris on Friday.

probability is that if the is held, it will give the it final go-ahead to the project, though in the German case it would still subject to parliamentary approval.

Friday deadline has been led in on the NATO ar for some weeks, but is recently as a day or two German government was reluctant to take part on the ds that it did not want to der time pressure.

George Leber, the Bonn Minister, returned from nston last week, however, ing that Germany would pale in AWACS provided e NATO project.

means that as many NATO es as possible would have port it to win Bonn's back. But at present the betting is even France will come belatedly and through the door—and that could make rman position easier.

West German Government eed to notify the NATO rial of its intentions the proposed Friday meet-day.

pressure for an early n has come largely from a, which supports AWACS, s funding an alternative (name based on the Nimrod e AWACS is rejected by liance.

an sub-contract on-Barron has awarded a 00 sub-contract to an associate company Simon's India, for the erection of animal feed milling plants.

Schmidt calls talks on bugging

BY ADRIAN DICKS

BONN, March 21.

CHANCELLOR HELMUT Schmidt reacted to-day to the wave of reports of illegal eavesdropping activities by the police and security service, by saying there was "no occasion" for him to resign, and by calling all-party talks on the matter to-morrow morning.

Meinolf gang and their lawyers —some of whom have been strongly suspected of complicity in further terrorist plots. This case, in turn, followed the bugging of the nuclear engineer, Dr. Klaus Traube, for suspected terrorist links. While the Traube case involved the Free Democratic Interior Minister, Herr Werner Maihofer, and Herr Schmidt himself as politically responsible for the security service, the two subsequent examples involve state governments run by the Christian Democratic opposition.

The Chancellor's moves, announced at a meeting of the Social Democratic party leadership that also pondered yesterday's heavy losses in the Hesse local elections, was made as the official spokesman confirmed details of a third concrete case. Like the two previous reported examples of questionable bugging or wiretapping, it was concerned with West Germany's left-wing terrorists.

There can be little doubt, however, that his party's 11.5 per cent. gain has badly unnerved SPD and FDP alike. The two parties keep control of the Hesse state legislature (which was not up for re-election), but in a region traditionally regarded as a Social Democratic stronghold they have lost a lot of ground.

Vehicle sales up by sixth

BY NICHOLAS COLCHESTER

BONN, March 21.

THE LATEST order statistics for West German industry indicate a marked drop in orders both at home and from abroad in January. The Economic Ministry urges extreme care in drawing conclusions from these figures, however, because of a change in the way the data has been compiled.

The more general order figures for January were 6 per cent. below those in December, after seasonal adjustment. The domestic order figure was down 3.4 per cent. on the same basis while the foreign order flow showed a particularly steep decline of 10 per cent. The fall in orders from abroad was particularly noticeable in the market for capital goods—14.5 per cent.

The motor vehicle market remains a bright exception, in any case. New registrations of vehicles of all sorts in West Germany in February were up by one-sixth on the January figure and by 6 per cent. on the figure for February 1976. Particularly good growth was shown in the car market where the increase between January and February 1977 was 13 per cent.

The capital goods sector also did badly at home where the order-figures fell back 7 per cent. to below the average for the second half of last year. Consumer goods showed more lively demand with an 11 per cent. rise at home and a rather slower pick-up from abroad.

LTV International, N.V.

5% Guaranteed (Subordinated) Debentures Due 1988

(Guaranteed on a Subordinated Basis by and Convertible on and after February 1, 1969 into Common Stock of The LTV Corporation.)

Notice of Adjustment of Conversion Price

PRICE IS HEREBY GIVEN that the price for conversion of the above-mentioned Debentures into Common Stock of The LTV Corporation was adjusted as of February 9, 1977 from \$69.75 to \$66.32 per share of Common Stock.

THE LTV CORPORATION

ch 22, 1977.

This announcement appears as a matter of record only.

NEW ISSUE

March 22, 1977

\$10,000,000

THE COPENHAGEN COUNTY AUTHORITY

(Københavns Amtskommune)

DOLLAR NOTES DUE MARCH 17, 1992

Direct placement of these securities with United States institutional investors has been arranged by the undersigned.

BLYTH EASTMAN DILLON & CO.

INCORPORATED

The undersigned acted as financial advisors to The Copenhagen County Authority.

BANKERS TRUST INTERNATIONAL GUDME RAASCHOU

LONDON

Italian crisis over IMF nears

By Dominick J. Coyle

ROME, March 21.

IT SEEMS certain that there must now be a Government crisis here later this week, if the opposition Communist and Socialist parties, supported by the country's three trade union confederations, persist with their declared intention to oppose an important clause in the Government's proposed letter of intent in exchange for a \$550m. drawing from the International Monetary Fund (IMF).

It is much less certain, however, whether this obstruction will continue, at least to the point of refusing a possible compromise which the IMF may find acceptable within an overall framework of limiting the increase in Italian labour costs this year to a maximum of 16 per cent.

Sig. Giulio Andreotti, who heads the present minority Christian Democrat Government, had meetings here throughout to-day with leaders of all the main political parties, including the Communist and the Socialist, whose policy of abstention in Parliament keeps the administration in office. The Prime Minister to-morrow will be having talks with leaders of the main trade union confederations and, as with the case of the various party secretaries to-day, the discussions will centre around the proposed letter of intent to the IMF.

At issue is the Government's proposal, already given effect by decree law, to remove the consequences of higher VAT charges from the cost-of-living basket on which quarterly threshold payments are calculated. In turn, the higher indirect tax revenue is intended to offset the cost to the Treasury of meeting a part of employers' heavy social security contributions as, in effect, a direct subsidy to labour costs.

Brezhnev points the way to better U.S. relations

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

MR. BREZHNEV'S speech, while making the Kremlin's first top-level reaction to the new U.S. Administration's active policy over human rights, was clearly designed to point the way to further improvements in U.S.-Soviet relations, though on clearly defined terms.

Mr. Brezhnev said there were several tasks in U.S.-Soviet relations which were quite attainable. These were a new SALT agreement, the banning of chemical weapons, the removal of discriminatory trade barriers, and the achievement of a Middle East settlement.

These are that the Soviet Union will emphatically resist any attempt by outsiders to dictate how it should handle its internal affairs. Mr. Brezhnev repeated this point twice, thumping his fist as he did so. He also said it was the state's "sacred duty" to protect the rights of the Soviet people against the activities of "renegades."

The Soviet Union, he said, still kept for a complete ban on nuclear tests and would agree to voluntary on the spot inspection. He also proposed a freeze on troop levels in Europe while the talks on troop cuts proceed in Vienna. There did not appear to be anything essentially new in Mr. Brezhnev's proposals. And indeed, he regretted that the West's response had been negative.

On the Middle East, Mr. Brezhnev outlined Soviet policy in some detail. He said that Israel should withdraw from the occupied territory, not at once, in stages over several months. Demilitarized zones would be established on both sides of the new "inviolable" borders.

This passage of Mr. Brezhnev's speech was noticeably mild given that many circles, though not necessarily official ones, in the West see the Belgrade conference as an occasion to put a disappointing Soviet record under the microscope. But his remarks seem to confirm that the Russians see the event principally as a forward-looking one, devoted to the main portion of his report to the Central Committee to East Germany's economic prospects. He stressed that increased labour productivity, technical innovation and conservation of raw materials would be crucial to achieving the target figures set for the current Five Year Plan.

Honecker scorns protests

BY LESLIE COLITT

BERLIN, March 21.

THE EAST GERMAN leader Herr Erich Honecker, has called Western protests against human rights violations in Communist countries a "great deal of noise about nothing." Addressing the meeting of the Communist Party's Central Committee in East Berlin, Herr Honecker underscored the current campaign in East Germany and about 10 per cent. of the newest products made in East Germany are "equal to the best that exist internationally."

He also criticised consumer goods production, remarking "there is still a one-sided tendency toward more quantity turned out." He emphasised the role of craftsmen in improving the supply of consumer goods.

Continental Bank of Chicago tailors its services to meet your requirements.

Continental Bank is in the United Kingdom for many reasons. One of them is to provide your business with a financial source prepared to adapt itself to your present and future needs, short and medium term. We're committed to providing structured credit, flexible cash management systems, knowledgeable foreign exchange advice and a full range of other corporate services. These will be based on careful analysis of your objectives, on our worldwide experience, and on recommendations incorporating the best features of all available financing alternatives and banking services. Individual attention is one of the commitments that make Continental the bank of opportunity all over the world.

Argentina, Australia, Austria, Bahamas, Bahrain, Belgium, Brazil, Canada, Cayman Islands, Colombia, Ecuador, France, Greece, Hong Kong, Indonesia, Iran, Italy, Jamaica, Japan, Kenya, Korea, Lebanon, Luxembourg, Malaysia, Mexico, Morocco, The Netherlands, Pakistan, Peru, The Philippines, Singapore, Spain, Switzerland, Taiwan, Thailand, United Kingdom, Venezuela, West Germany.

OVERSEAS NEWS

Asghar Khan refuses to leave Pakistan prison

AIR MARSHAL Asghar Khan, one of the four opposition leaders detained by the Pakistan Government, refused to leave jail to-day after Prime Minister Zulfikar Ali Bhutto ordered his release...

RAWALPINDI, March 21.

Tory call for Rhodesia initiative

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

BRITAIN should take an immediate new initiative in Rhodesia which would involve the Government in supervising interim elections, and probably in providing personnel for the armed forces there during a transitional period.

March 26. The PNA has urged its elected members to boycott the meeting. The release of the four opposition leaders coincided with a PNA call for a strike to-day in Karachi. More than half the city, which has turned into an anti-Government stronghold, is now under curfew.

Castro in surprise visit to Maputo

DAR ES SALAAM, March 21. DR. FIDEL CASTRO, the President of Cuba, arrived in Mozambique to-day on a previously unannounced visit. He was met at the airport in the Indian Ocean port of Beira by President Samora Machel, according to the official Mozambique news agency.

Earlier, before leaving Tanzania after a triumphant five-day tour, Dr. Castro said that Cuba would not play any direct military role either against Rhodesia or South Africa.

Red Sea summit

A summit conference of four Arab League member states opens in Taiz, North Yemen, to-day to discuss the Red Sea. It is the first of the most sensitive issues in terms of Arab security.

Kuwait oil price plan

Kuwait has told its foreign customers that the price of its crude oil will be increased by 3 per cent from July 1, the Middle East Economic Survey reported yesterday, according to AP-DI.

PALESTINE NATIONAL COUNCIL

Stumbling towards Geneva

BY ROBERT GRAHAM, MIDDLE EAST CORRESPONDENT IN CAIRO

THESE past nine days of the importance of the PLO to Arab and U.S. pressure to Executive Committee and its chairman, Mr. Yassir Arafat, Geneva Peace Conference, but have been emphasised.

The tone was more militant in 1974 and reflected the aspirations of the PLO to consolidate its acceptance internationally. Finally the Rejection Front led by the PLO chairman, Mr. Arafat, has made a decision to accept the need to bolster their clear rejection of a settlement negotiating position with both Arab governments and Israel.



Mr. Yassir Arafat, chairman of the Palestine Liberation Organisation, greets the Palestine National Council in Cairo.

The PNC is the supreme representative body of the Palestinians. Its members are selected, not elected, and though it was expanded last February to 292 delegates, it is still dominated by the PLO and the guerrilla organisations under the PLO umbrella.

time it reflects Mr. Arafat's emerged with considerably desire to present as united, an enhanced personal prestige, front as possible. Thus, specific Even his opponents conceded positions on the contentious that he managed to steer the issues have been avoided.

Overall, this Council's enunciation has been successful. An unknown factor in the equation is what real does the earthquake in July did Tangshan. It was more powerful and devastating than the Rumanian one, but the Chi media have almost ignored since last August. What do do to the coal, steel, rail machinery, oil over oil dustries? While there have reports of restored production in the disturbed situation where in China it hardly possible that major reconstruction could have been carried out.

DISRUPTION IN CHINA

Back from the brink, but crisis stays close

BY COLINA MacDOUGALL

CHINESE officialdom is deluging the country with details of how the "Gang of Four" Chairman Mao's wife and her three henchmen from Shanghai, disrupted railways, mining, manufacturing industry and shipping.

For several months last year China was—as Chairman Hua mentioned in his Tachai conference speech at Christmas—on the brink of civil war.

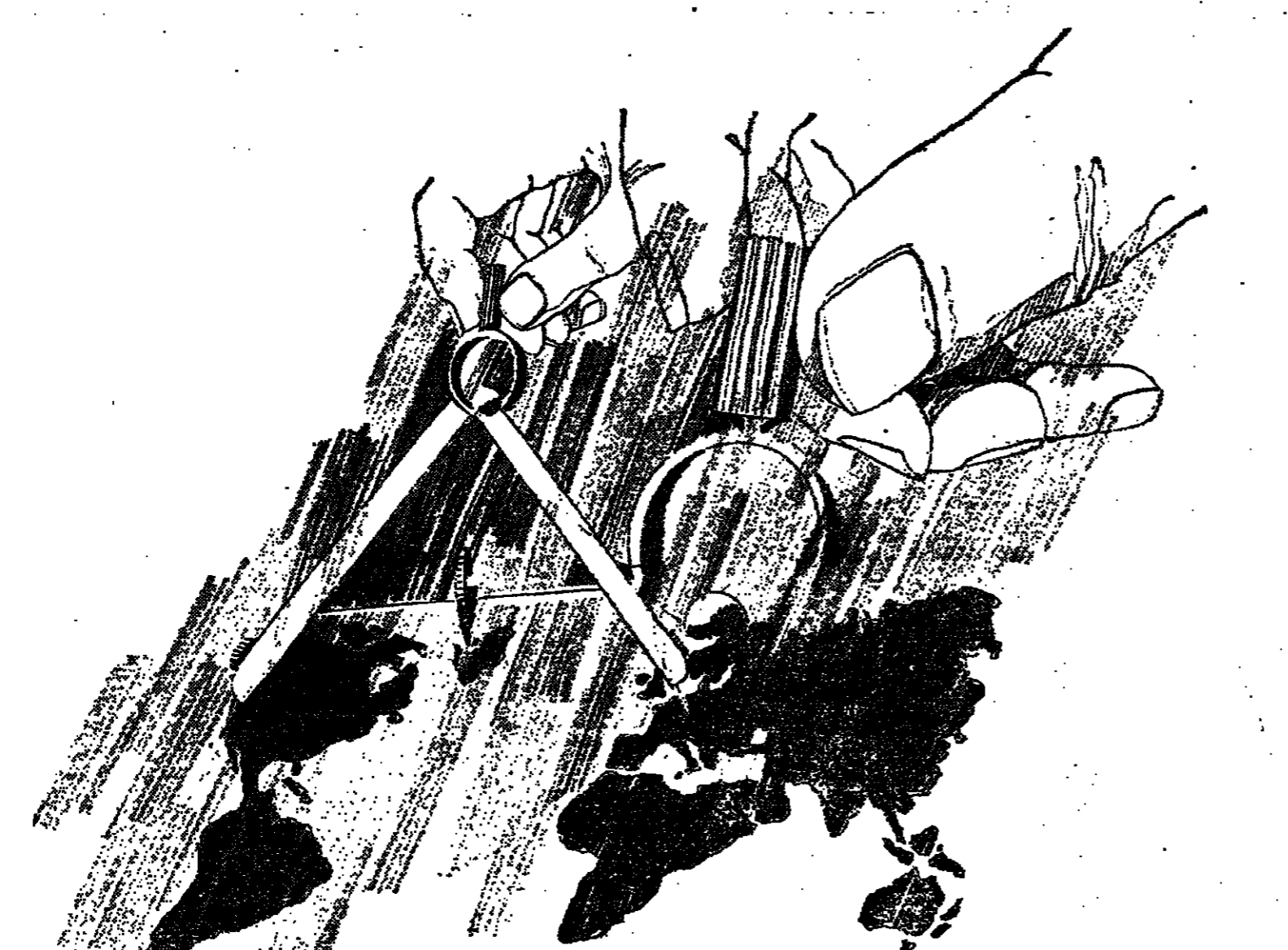
most serious fight is that the Gang and its supporters issued large amounts of arms and ammunition to the militia in Shanghai, deployed their units, set up command posts, attempted to blow up bridges, and cut off water supplies, power, and communications with the outside world.

One example may typify the events of the late summer in many provinces. In Shanghai, a densely populated agricultural province that now holds promise as an offshore oil base, more than 40,000 people were killed, more than 40,000 people were wounded in fighting between political difficulties in the province. Half a dozen provincial radio stations still admit active opposition from the Gang supporters.

Accusations

That suggests that despite the propaganda intent, most of the Shanghai's party boss made an official speech in which he mentioned serious problems in the past five months are true. What he said, however, is that since 1973, but particularly from late 1975 on party committees, bourgeois factionalism, internal fighting, to take over power in China. This, and the serious and harmful effects of the Gang's intrigues, though outside China at the time by publishing what are now admitted to be almost unreadable ideological articles in Red Flag and the People's Daily.

None of these problems can be smoothed out overnight. It is still faced with very large political difficulties in the province. Half a dozen provincial radio stations still admit active opposition from the Gang supporters. The leadership reshuffle whose results are not foreseen. Official Chinese news sources are conspicuously silent more about past difficulties than present ones. But the most details emerge about the turning point of the situation in the province. At the time, the world had no idea how close China was to an eruption. In September, anyone speculating along those lines, even with the dying or dead, would have been thought alarmist. The People's Daily's present calls to save food and fuel and the drought suggests that the economy may be in a worse state than is being admitted in detail.



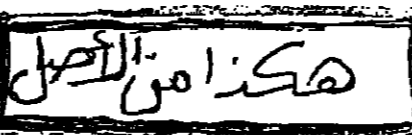
International WestLB is just as international as your business

As you've probably noticed, most banks claim to be international. But one of the important questions you should ask yourself before choosing your international banking partner is: "How international does my bank have to be?" It's not just a matter of a few more branches or representative offices here and there, or of an extra few hundred correspondents. It's international experience in the right fields at the right places that counts.

WestLB

Westdeutsche Landesbank Girozentrale a growing force in international banking

Düsseldorf P. O. Box 1123 London Branch: 21, Austin Friars, London EC 2N 2HB, Telephone 01-6386141, Telex 887984



Handwritten note: J.P. ...

French Government has more than \$2.7m. to promote Concorde

French Government has more than \$2.7m. in a US... to secure landing rights... Concorde...

White House group back from Vietnam

White House delegation... information on U.S.... Vietnam...

tanker break-up

78-foot Panamanian tanker... in the Atlantic... 140 miles off the coast of North Carolina...

al hunt progress

controversial seal hunt... off Newfoundland... is progressing at a faster rate than last year...

anley-Carter talks

merican Prime Minister Michael... and U.S. President Jimmy... are likely to have their... meeting in May...

FINANZ- und VERTRAUENS HANDELS ANSTALT, Schaan WEISSCREDIT BANK, Chiasso

In connection with the certified respite for payment of the FINANZ- und VERTRAUENS HANDELS Anstalt, Schaan and the closing of the doors and subsequent certified respite for payment of the WEISSCREDIT Banca Commerciale e d'Investimenti, Chiasso/Lugano, the receiver for the FINANZ- und VERTRAUENS HANDELS Anstalt requests all creditors of this establishment to immediately register all their claims, at the latest by 18th May 1977

at the following address: Dr. Dr. Herbert Batliner, attorney-at-law, P.O. Box 86, FL-9490 Vaduz/Europe. Those monies invested with the FINANZ- und VERTRAUENS HANDELS Anstalt, Schaan, through the medium of the WEISSCREDIT Banca Commerciale e d'Investimenti, Lugano/Chiasso, are also counted to those claims which have to be registered. Vaduz, March 1977. The receiver: Dr. Dr. Herbert Batliner Attorney P.O. Box 86 FL-9490 Vaduz/Liechtenstein

WOODLAND INVESTMENT SMALL SPORTING ESTATE SURREY—Adjoining Effingham Golf Course, only 21 miles from centre of London. 64 ACRES hardwoods (including many valuable Yew trees) and 26 year old softwoods. An ideal small sporting estate offering an interesting investment opportunity. £30,000 SHROPSHIRE—Loughborough 2 miles. 50.5 ACRES mixed hardwoods and softwoods ranging from 17 to 60 years old. £17,500 LEICESTERSHIRE—Much Wenloch 2 miles. 72.6 ACRES 13 acres mixed hardwoods balance 18 year softwoods. £17,500 SCOTLAND—small parcels, 4 ACRES of commercial woodland 9 years old. £950 NOW IS THE TIME TO INVEST IN GROWING TIMBER—THE ONLY GROWING RAW MATERIAL. TAX ADVANTAGES—FUTURE WORLD TIMBER SHORTAGE. For details—call, write or telephone Wood and Leisure Land, 6 Half Moon Street, London W1Y 7RA. Tel: 01-629 2731.

Schmidt optimism on close relationship with Carter

BY DAVID BELL

HERR HELMUT SCHMIDT, the West German Chancellor conceded in an interview to-day that there are some "irritations" in German-U.S. relations, but said that he is nevertheless optimistic about developing close relations with Mr. Jimmy Carter, the U.S. President.

UN test for U.S. Africa policy

BY OUR OWN CORRESPONDENT

THE FIRST United Nations test of U.S. policy toward white-rule in southern Africa since Mr. Jimmy Carter became President will be made during the debate on the Security Council tonight on "The Question of South Africa."

legally and move to the Federal Republic of Germany. We do not want to endanger this process. Dismissing any talk of a "crisis" in relations between the two nations the Chancellor said that "the President is right in his judgment that the nuclear non-proliferation treaty needs a new evaluation. Possibly there could be amendments, adjustments of supplementary agreements. I see the German-Brazilian treaty in this general light."

ally demanding that Pretoria grant immediate independence to Namibia. That issue is also expected to come up in the Security Council in June, possibly at meetings convened somewhere in Africa. Botswana and Mauritius have both been suggested. Mr. Botha, who is to become his country's Foreign Minister next month almost certainly will not take part in this week's Council debate. The South Africans have occasionally felt the need to respond to some of the harsher accusations made against them here, but generally they take the position of apartheid is a domestic matter and that, under its charter, the UN is barred even from discussing it.

Fukuda begins Washington visit

WASHINGTON, March 21.

MR. TAKEO FUKUDA, the Japanese Prime Minister, arrived in Washington to-day for two days of talks with Mr. Jimmy Carter, the U.S. President, and leading members of his Administration.

UNited Nations, March 21

Britain, the United States and France have twice exercised triple vetoes to block the Council's adoption of a mandatory arms embargo, and once before that they had to exercise their right of veto to save South Africa from expulsion from the UN. The arms embargo proposal will be revised this week. The question now is whether the U.S. still will oppose it, and if not, whether Britain and France will cast their vetoes against the U.S. Three other resolutions are also under discussion, including a recommendation to UN member states to hold back on investments in South Africa, and a condemnation of South African support for Rhodesia, which has been largely responsible for the relative failure of economic sanctions against the British colony.

Phoenix falls flat

INVESTIGATIVE JOURNALISM IN ARIZONA

BY JAY PALMER IN NEW YORK

IN JUNE, 1976 Don Bolles, an investigative reporter working for the Arizona Republic, a Phoenix newspaper with immense influence in the state, was murdered by a radio-controlled bomb that blew up his car. He had been working on an expose of the alleged links between organized crime and the Arizona political establishment.

Accused

The initial articles in the series, Arizona residents claim, contain very little that is new and to a great extent are poorly documented. The most newsworthy allegations involve Senator Barry Goldwater of Arizona and his brother Robert, who are accused of dominating Arizona politics for 30 years "while condoning the presence of organized crime through friendships and alliances with mob figures." The Goldwaters have denied the allegations.

Mr. Bolles, who had long specialised in investigative crime stories, was a founder member of IRE. He was killed only a few days before the group's long-planned first annual convention. At this convention, members in a highly emotional meeting voted to create a special task force to expose Arizona corruption and serve notice that "killing a reporter would not stop the Press from pursuing wrongdoers."

Overwhelming

"I really have to wonder," this article noted, "whether our readers would regard 80,000 words on the state of Arizona as a real service when there are more urgent matters demanding attention in our backyard. Eighty thousand words of investigative reporting contains an overwhelming collection of facts, allegations, solid information, not-so-solid information and conclusions that need to be checked and re-checked." The danger of publishing unchecked allegations is being offered as the official reason for the Arizona Republic's own decision not to run the story. However wise it may be on legal and political grounds, this has certainly been a mistake in terms of promoting circulation. Last week sales of the Republic dropped sharply while those of out-of-state newspapers carrying the series and flown in specially have sky-rocketed.



The star guest



The 5 star guest

Star Guests expect hotel staff to kiss their feet. The five-star guest expects hotel staff to think quickly on their feet, which is why they come to the four-star Gloucester. They don't take kindly to bowing and scraping—or paying extra for it. They've earned their five-star guest rating because they've put in a lot of time in hotels and now demand more expertise and less showbiz in the service they get. Especially the business service they get. With The Gloucester it's not just the happy location close by Cromwell Road Air Terminal that draws them there—though its a relief to be central without having to battle into the centre of town. What they appreciate as five-star guests and as business people

is the modern-mindedness of The Gloucester. If you want a facsimile transmitter—it's there. The phone is always a direct line. TV, is colour. The air-conditioning has individual controls. You can talk business in the sauna if you want to. But in the end it's the character of the personal service that has to meet the five-star guest standard. They're more interested in how the hotel rates them than how it is rated. If you are—or want to be—a five-star guest all you do is ring your nearest Rank Hotels Central Reservations Office: London 01-262 2893 Paris 261 36 20 Brussels 512 32 84 Cologne 24 70 81 Frankfurt 28 74 38.

The Gloucester Harrington Gardens, London SW7 4LH Telephone: 01-373 6030 Telex: 917505 Cables: Glouster London SW7 Rank Hotels - the hotels for five-star guests.

WORLD TRADE NEWS

French in barter deal with Iran

Spie Batignolles, a French engineering concern, said it is negotiating a contract with Iran under the terms of which it will be paid in Iranian crude oil.

Mitsui Turkish offer

A group of three Mitsui companies have received a Y60m order from Turkey's Petkim Petrokimya for the export of a polyethylene plant with an annual capacity of 40,000 tonnes.

Linde Norwegian deal

Linde said it has received a contract to build a polyethylene plant in Norway with an annual capacity of 40,000 tons, but declined to give the value of the contract.

Beirut port study

A team of British experts from Peat, Marwick, Mitchell have arrived in the Lebanon to begin a two-month study of the problems facing Beirut Port, which was badly affected by the 19-month civil war.

EEC imposes new curbs on Indian shirt imports

BY RHYS DAVID, TEXTILES CORRESPONDENT

NEW LIMITATIONS on imports of Indian men's and women's shirts and blouses are to be imposed by EEC countries, including the U.K., following a rapid surge in arrivals last year and in the early months of 1977.

Under new measures invoked by the EEC, total imports of Indian shirts will be held at 5.45m. units this year compared with 7.6m. in 1976 and 2.8m. in 1975.

The new measures have been imposed by the EEC following a breakdown in discussions lasting several months. According to the shirt industry in Britain and other European countries the Indian shirts will be held at 5.45m. units this year compared with 7.6m. in 1976 and 2.8m. in 1975.

levels. The loophole has been the exclusion from restrictions of so-called hand-loom goods have been allowed in as craft products.

Table with 3 columns: U.K. Men's Woven Shirt Market 1976, Supplier, Units, %

of imports will continue to be in this category. Handloom products account for 6.8m. of the 7.4m. quota for women's blouses and 4.7m. of the 5.45m. quota for men's shirts.

The move, which the EEC says has been introduced following the unsatisfactory operation of the EEC-India bilateral restrictions agreement, was welcomed yesterday by U.K. Shirt Manufacturers Federation.

Koyo Seiko starts bearings production in Singapore

BY H. F. LEE

SINGAPORE, March 21.

THE LEADING Japanese bearing and machinery manufacturer, Koyo Seiko and Koyo International group, has opened an S\$15m. plant in Singapore to manufacture precision bearings and sewing machines mainly for the ASEAN market.

Known as Koyo Industries Singapore, the plant, is however, only the first phase of its three-stage plan for Singapore covering a period of three years.

for the opening said that as much as 80 per cent. of the products will be for the ASEAN market, while the remaining 20 per cent. will be retained in Singapore to meet local needs.

As a result of the new restrictions, which were foreshadowed in the Common textiles debate last month existing surveillance licensing has been revoked with immediate effect and future imports will require full licences.

increased to 26m. units in three years' time. Koyo Industries Singapore has been granted a five-year pioneer status which enables it to enjoy certain tax benefits and a three-year export promotion certificate by Singapore's Economic Development Board.

Indonesia cuts oil sales

BY H. F. LEE

JAKARTA, March 21.

INDONESIA WILL cut oil exports to Japan and the U.S. this year, according to Mr. Piet Harjono, head of the state-owned oil company, Pertamina.

"We have to cut the export of crude oils to Japan and the U.S. this year because of growing domestic consumption," he said after talks with President Suharto.

Mr. Harjono would not say how much the cut would be, but said both Japan and the U.S. have been informed.

ing domestic consumption," he said after talks with President Suharto. Mr. Harjono would not say how much the cut would be, but said both Japan and the U.S. have been informed.

ing domestic consumption," he said after talks with President Suharto. Mr. Harjono would not say how much the cut would be, but said both Japan and the U.S. have been informed.

Limited scope for Rouble

By David Lascelles

THE SOVIET bloc's new regulations to encourage use of its collective currency—the Transferable Rouble—outside the bloc are "sensational" and unlikely to cause more than a ripple in Western financial circles, according to a UN specialist on Comcon affairs.

Writing in the latest issue of International Currency Review, Dr. Josef van Brabant says that the Transferable Rouble will hold little appeal to Westerners unless its convertibility into currencies or commodities is guaranteed—and this has yet to happen.

Anyone using Transferable Roubles, he believes, would also have to negotiate multilateral arrangements with all Comcon members to cover transactions over a particular period, which would be virtually impossible.

Dr. van Brabant notes that no non-Comcon bank or trader has yet availed itself of the chance to use TRs—even obvious candidates like Yugoslavia.

The emergence of a Euro-ruble market is theoretically possible if the TR catches on, Dr. van Brabant believes. But because of the restricted access to Comcon markets, discounting would be very large, prohibitive even.

And although the new TR regulations have some attractions—like better interest rates for non-Comcon holders of TRs—there are still unsolved problems which baffle even highly placed East Europeans, Dr. van Brabant says.

Shoes for Soviets

TWO NORWICH shoe factories have received export orders estimated at around £2m from the Soviet Union for over 225,000 pairs of women's fashion shoes. The CWS factory is to produce 100,000 pairs and K. Shoes will provide the rest.

BRAZIL'S MOTOR INDUSTRY

Signs of wear and tear

BY SUE BRANFORD IN SAO PAULO

AFTER THREE years in which Brazil's motor industry manfully fought off the effects of the world oil crisis, the sector is finally showing serious signs of wear and tear. Ironically the worst-hit companies, General Motors and Ford, are facing difficulties at a time when the parent companies that his company was using as a strong sales recovery.

Sales on the Brazilian motor market fell to 128,140 vehicles during January and February of this year, which is 14 per cent. less than during the same period of last year. As output dropped by only 4 per cent., to 153,541 vehicles, the industry accumulated excess stocks of about 35,000 vehicles.

About 2,500 workers at the assembly plants have been sacked as the manufacturers protest against the government's attempt to trim their production to match the new sales reality. General Motors now faces a cut of at least 20 per cent. in its car production and 8 per cent. in its lorry production this year.

It is unlikely that Volkswagen, which is still the largest of the sector with a share of 22,000 units, is facing fewer problems. VW's biggest trouble is scale sackings among the strong work-force, although the company has admitted considering a five-day holiday to reduce its stock holding of VW's "bug" model, the Beetle. To a large extent, VW has boosted its dependency on the market, VW has boosted which were worth \$155 million in 1976.

Japanese component buyers seek supplies for third market

BY HENRY SCOTT STOKES

PARIS, March 21.

THE STRATEGY of the Japanese motor component buyers for this week-end for a three-week mission which arrived in Britain last week-end to purchase components for third countries, a spokesman said here before leaving for London.

The aim was to buy parts from companies such as GKN, Lucas and Associated Engineering and to represent the top seven car companies which will spend twice as long as the Japanese in the U.K. as here.

operations not only in Japan but in such places as South-East Asia, Latin America and possibly, later, the U.S. The 14-man mission, which is led by Mr. Masao Nemoto, a Toyota managing director of Toyota elsewhere but have been asked to seek to make for prices up to 30 per cent. higher than those prevailing in Japan itself.

When this happens, Japanese car manufacturers will be invited to buy directly from French industry—was to bargain major importance to the British for Japan in order to down Michelin prices and to alleviate the "gross imbalance" purchase these tyres mainly for parts last year.

will maintain this share of production in 1977. Ford is faring little better. Over a 1,000 of its 22,000 workers have been sacked since the beginning of the year. In a recent visit to Brazil, Mr. Lee A. Iacocca, admitted that his company was using a \$250 on each car it manufactured in Brazil. Last year Ford ranked third among the country's ten motor manufacturers, with production of 171,931 vehicles.

Government's recent measures to restrict petrol consumption, which began in effect later this month, will be among the most expensive in the world. The motor manufacturers have also protested against the strict control over Fiat's goal of gobbling up 10 per cent. share of total production 181,144 vehicles, 15 per cent. of Brazil's total output of 855,469.

Government's recent measures to restrict petrol consumption, which began in effect later this month, will be among the most expensive in the world. The motor manufacturers have also protested against the strict control over Fiat's goal of gobbling up 10 per cent. share of total production 181,144 vehicles, 15 per cent. of Brazil's total output of 855,469.

Government's recent measures to restrict petrol consumption, which began in effect later this month, will be among the most expensive in the world. The motor manufacturers have also protested against the strict control over Fiat's goal of gobbling up 10 per cent. share of total production 181,144 vehicles, 15 per cent. of Brazil's total output of 855,469.

New lorry charges for Bulgaria

BY METIN MUNIR

ANKARA, March 21.

BULGARIA, the only country whose TIR lorries have not been paying transit dues in Turkey, will soon be deprived of this privilege by Ankara according to diplomatic sources said here.

Turkey has banded Bulgaria's lorries shuttling through Turkey from April 12 its TIR lorries will be required to pay cash transit dues at Turkish borders.

The Note also invited the Bulgarian lorries to negotiate for the payment of dues accrued in the interval east of Turkey and the receiving States. Ankara said that fees would be utilised for the maintenance and repair of high-lift trucks in fees ways used by TIR lorries.

Last year all states but Bulgaria and Iran whose lorries West Germany and Britain use Turkish roads signed a new system. These two important exceptions. The transit traffic through Turkey is directed to or originates in Iran and most of the transit is being done by Bulgarian lorries.

Ankara, fearing retaliation against thousands of Turkish workers who travel through Bulgaria to and back from Europe, agreed to charge not to collect fees from Bulgarian lorries. This made transporting Bulgarian lorries much more compared with other European lorries which made. The sources said that Bulgaria owed Turkey 400m Turkish lira (\$23m) in fees of them coming from Bulgaria and Iran whose lorries West Germany and Britain use Turkish roads signed a new system. These two important exceptions. The transit traffic through Turkey is directed to or originates in Iran and most of the transit is being done by Bulgarian lorries.

GILT EDGED CUMBERNAULD STOCK MATURES.

Substantial yields for early investors.

Options offered on new issue.

It is 21 years since Cumbernauld was floated on the Industrial Development market. Time enough for a sound investment to mature. Time enough for a whole new industrial community to mature. Factories, offices, shops, houses, people — all with the inherited maturity value of a 21 year-investment plan.

Early industrial investors may have taken a gamble in an unknown market. But the gamble is no more. The dividends are being paid daily.

Cumbernauld is now solidly established in the industrial market. A unique blend of gilt edge and blue chip.

And another unique feature. Every investor in Cumbernauld holds a preference share.

Preference in the shape of generous grants, attractive loans and every known form of business encouragement.

Preference in location, with three international airports, two major ocean ports and a national motorway network all about as close as the figures on your balance sheet.

Preference in life-style too, with only minutes between your ideal home and your ideal office; mountains, lochs and rivers a-begging; endless opportunities to fill your leisure time than you've ever enjoyed before.

You may be relieved to know that wild-life in the area is singularly lacking in bears. Friendly bulls abound, growing fat on the greenest grass this side of anybody's fence.

Stags, of course, are shot on sight, as we like to preserve our resources for the benefit of our permanent population.

The option is yours for the asking. Send for our prospectus today, and take the first step towards the most profitable investment you've ever made.

Form with fields for Name, Position, Company, Address, Tel. Includes a coupon to request a prospectus.

EAST-WEST UNITED BANK (BANQUE UNIE EST-OUEST)



We have pleasure in announcing the results of our financial year ended 30th September 1976.

The following figures reflect the growth of East-West United Bank during its second year of activities

Table with 2 columns: Category, millions of FB. Rows include Balance Sheet Total, Deposits, Miscellaneous, Capital, Reserves, Provisions, Net Profit.

The fostering and financing of East-West Trade is our bank's principal object.

East-West United Bank S.A., 22, Bd. Royal, P.O. Box 34, Luxembourg; Telephone 20351 telex 1373 EOBANK; Cable address: EAST-WEST, Luxembourg

HOME NEWS

Foster Wheeler to build £90m. CI Wilton plant

RHYS DAVID, TEXTILES CORRESPONDENT

MR WHEELER, the preferred intermediate for poly-ester fibre production, displacing dimethylterephthalate (DMT) on cost grounds. According to ICI, which is the second biggest world supplier of PTA, some 30 per cent of the world's polyester fibre production now uses PTA. In Europe, it claims, a continuing switch is taking place away from DMT.

Employment Over half the output of the new plant, which will more than double ICI's PTA capacity at Wilton, will go for export. Work is due to begin later this year and completion is scheduled for the third quarter of 1980. ICI reckons the project will provide 1,000 construction jobs and 100 permanent jobs. Some 90 per cent of the orders for equipment required will be placed in the U.K., assuring employment for at least 1,000 more people, ICI believes.

Foster Wheeler also handled ICI's previous PTA unit at Wilton, and this will be the sixth plant manufacturing the material constructed by the organisation around the world. The new plant will use an Amoco process.

Lake District invites callers

PAIGN is being mounted to encourage tourists going on the M6 to spend a few in the Lake District and make the most of time in the area. The campaign is being organised by the Tourist Board in response to requests from Lake District hoteliers and businessmen, who feel that sufficient attention has not yet been paid to those who could or do travel through. More people, they think, would pause in the Lake District if they knew how best to use just a few hours.

APPOINTMENTS

Alean Group senior posts

D. A. Plan, while remaining in the European Commission, is being director of Alean International, London (U.K.), will from May become managing director of subsidiary, ALEAN BOOTH STRIERS, as well as remain chairman of that company. Mr. A. M. M. Hodges has been appointed vice-president and general manager of the aviation division of Smiths Industries Inc., the North American subsidiary of SMITH INDUSTRIES. The new director and general manager of the avionics, engine and fuel management systems factory of the aviation division will be Mr. R. F. Keens, who assumes full responsibility for the Basingstoke site from April 1. Mr. Keens became general manager at the Linkula factory of Smith Industries in Birmingham in 1971, and in 1972 was made a divisional director of the company.

Mr. H. A. Wingrove, chairman of the machine tool merchanting division of B. ELLIOTT AND CO., has been appointed deputy chairman of the group. Mr. M. L. Pearce has been appointed managing director of GERRARD AND NATIONAL (FUND MANAGEMENT) from April 6. Mr. Pearce was previously a director and investment manager of the Royal London Mutual Insurance Society.

BOND DRAWINGS

Table with columns for bond details, including 'THE COPENHAGEN COUNTY AUTHORITY (C.C.A.)', 'ELECTRICITY SUPPLY BOARD', and 'THE FISCAL AGENT, KRENETRAN, LUXEMBOURG'. It lists various bond issues with their respective amounts and dates.

TRAVEL

ZURICH 2 HOLIDAY INN HOTELS. Zurich, Switzerland's largest town (right in the centre of Europe), has 2 Holiday Inn hotels, run by Mövenpick, Switzerland's best-known restaurant organization. That means room comfort and high-level gastronomy under a single roof. Flexible conference facilities, attentive service and reasonable prices ensure successful international meetings.

PERSONAL

AL ASCOT. The Royal Meeting at Ascot will take place on June 16, 17, 18 and 19. Applications for admission to the Royal Ascot enclosure should be sent to Her Majesty's Representative, Mr. W. J. Bennett, Ascot, London W1, before the end of April. Applicants should apply only for members of their family, stating their full names, dates of birth, and the names of their children under 16. Applications should be made as early as possible to ensure that all necessary arrangements can be made in good time. The Royal Ascot enclosure is situated on the left side of the racecourse, and is reached by a footbridge from the main enclosure. The Royal Ascot enclosure is open from 10.15 a.m. to 5.15 p.m. on each day. Tickets are available from the Royal Ascot enclosure, or from the Royal Ascot enclosure, or from the Royal Ascot enclosure.

CLASSIFIED ADVERTISEMENT RATES

Table showing classified advertisement rates for various categories. Columns include 'per line', 'single column cm', and 'double column cm'. Categories include Industrial & Business Premises, Residential Property, Business & Investment Opportunities, Education, Motors, Contracts & Tenders, Personal, Gardening, Hotels & Travel, Book Publishers, and Premium positions available.



SILVER JUBILEE STRIKES UP THE BAND

George Benjamin (above), 17-year-old pupil at Westminster School in London, conducts a brass band in a march he composed himself. He was chosen from five young finalists at the Royal Festival Hall as the winner of a nationwide contest for a Royal Silver Jubilee Fanfare and March. There were more than 80 entries.

The competition was sponsored by the Co-op and organised in association with the National School Brass Band Association.

Plans for the winning entry include television and radio performances at a number of Silver Jubilee music festivals throughout the country. It is hoped to perform the piece before the Queen during her visit to Glasgow in May.

Life companies need at least £1m. capital

BY ERIC SHORT

THE MINIMUM paid-up share capital of a life company should be at least £1m. if solvency is to be guaranteed, Mr. A. C. Baker, chief actuary and life authorities over life companies manager of the Royal Insurance Group, and Mr. N. S. Graham, an actuary with Royal Insurance, said in a joint paper on life company solvency presented last night to the Faculty of Actuaries in Edinburgh. A test could be devised that would give clear warning in those cases where companies experienced financial trouble.

For newly formed companies expenses constituted the most potent factor. A life company had to incur high initial expenses that took several years to recover, and this new business strain constituted a serious risk for a rapidly expanding company.

The authors concluded that the capital base of a life company should not be less than 10 per cent of its liabilities, with the suggested absolute level of £1m. Had such provisions been

Film producer faces petition for bankruptcy

A BANKRUPTCY petition has been filed against Mr. Harry Saltzman, the James Bond film producer, of Woodlands Park Estate, Ivor Heath, Bucks. The petition is based on a claim for \$529,917 and was presented last Thursday by Mr. Marcella Dannon, a film producer, of Avenue Kieber, Paris.

NEWS ANALYSIS—INSURANCE AND EEC Slow process towards a unified policy

BY ERIC SHORT

EEC FINANCE MINISTERS have accepted a U.K. proposal aimed at speeding up negotiation of directives in the insurance field, a move behind which lies a saga of frustrated hopes and ambitions for the implementation of a Common Market in insurance. When the U.K. joined the EEC there was considerable uneasiness in certain quarters over the effect of its insurance harmonisation. The sceptics pointed out that insurance operations in Britain and in Continental countries were virtually incompatible. Insurers in the U.K. had considerable freedom of operation compared with other EEC countries subject to rigid Government control, and it was felt that harmonisation would not be possible unless the U.K. moved a long way towards curtailing this.

Re-insurance and motor vehicle liability require an international approach these days, with big risks and freedom of travel. So it is perhaps not surprising that these directives have been implemented. Freedom of establishment for non-life insurers, which means in theory U.K. insurance companies can set up branches in any EEC country, is only a start. Insurers are finding that practical difficulties remain to be overcome and Lloyd's of London, for example, is still prevented from operating in other EEC countries, since that unique insurance organisation does not have branches. Conditions looked favourable for quick implementation—by Common Market standards—of insurance harmonisation. However, as time passed, these good intentions became bogged down in a morass of negotiating detail. It became obvious that some EEC countries were not willing to part with their protectionist system and open their doors to insurers from other EEC countries.

For example, when the world marine insurance market ran into problems, some countries—notably West Germany and France—put up the barriers and imposed even more restrictive conditions on placing marine insurance. Now the British Government and the U.K. insurance world is becoming increasingly concerned over the lack of progress in this field. An EEC general programme had provided for negotiation of a series of directives to implement a Common Market in insurance by the end of 1980—long before Britain joined the EEC.

To date only directives covering freedom of establishment and services for re-insurers, motor vehicle liability and freedom of establishment for non-life insurers have been implemented. Re-insurance and motor vehicle liability require an international approach these days, with big risks and freedom of travel. So it is perhaps not surprising that these directives have been implemented. Freedom of establishment for non-life insurers, which means in theory U.K. insurance companies can set up branches in any EEC country, is only a start. Insurers are finding that practical difficulties remain to be overcome and Lloyd's of London, for example, is still prevented from operating in other EEC countries, since that unique insurance organisation does not have branches. Conditions looked favourable for quick implementation—by Common Market standards—of insurance harmonisation. However, as time passed, these good intentions became bogged down in a morass of negotiating detail. It became obvious that some EEC countries were not willing to part with their protectionist system and open their doors to insurers from other EEC countries. For example, when the world marine insurance market ran into problems, some countries—notably West Germany and France—put up the barriers and imposed even more restrictive conditions on placing marine insurance. Now the British Government and the U.K. insurance world is becoming increasingly concerned over the lack of progress in this field. An EEC general programme had provided for negotiation of a series of directives to implement a Common Market in insurance by the end of 1980—long before Britain joined the EEC.

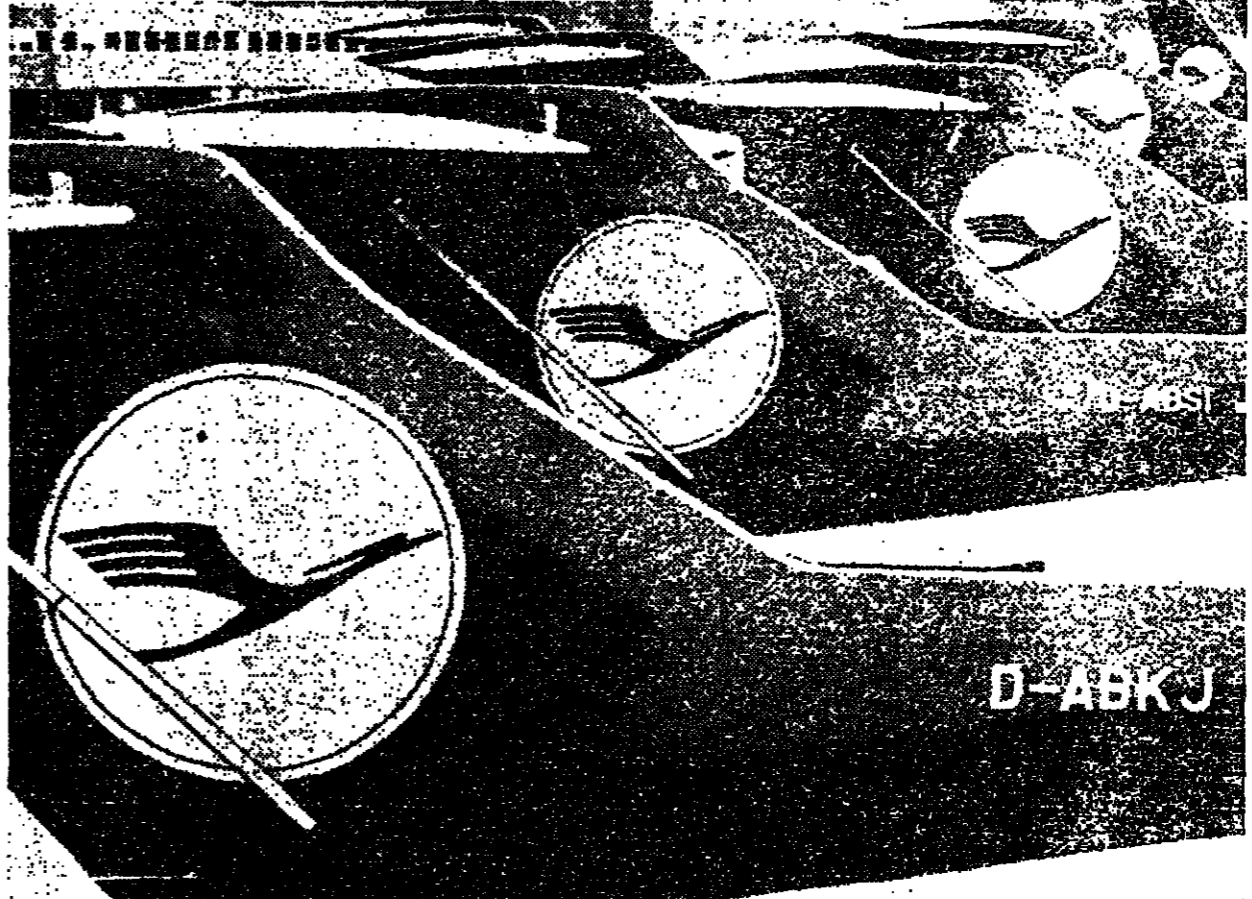
Large risks

Yet under present conditions, the need is for a very large insurance market world-wide to provide the capacity needed to insure the very large risks that are now resulting from modern technological developments. The British Government is busy promoting the view—long held by British insurers—that a stronger internal EEC insurance market would benefit the EEC balance of payments and provide more effective competition to the U.S. and Japanese insurance markets.

It is endeavouring to influence other governments to negotiate reciprocal agreements with the EEC which would produce more liberal insurance regimes on a wider basis.

The Council of EEC Finance Ministers has now instructed the working parties dealing with the important outstanding directives covering sale of non-life insurance on a service basis and life insurance on an establishment of the world. In 1975, not basis to ann substantially to complete their work within 12 months. It is intended that ministers should reconsider the £300m. of this came from elsewhere in the EEC. These figures show just how tight are the restrictions imposed by some EEC countries, keeping insurance business confined within those countries. This really sums up the positions.

Who else but Lufthansa can offer you Germany 15 times a day?



All the best connections are in our Yellow Book.

From Heathrow, Lufthansa have 15 flights a day to the nine most important German towns: Bremen, Düsseldorf, Frankfurt, Hamburg, Hanover, Cologne/Bonn, Munich, Nuremberg, Stuttgart. And there is also one flight a day from Manchester non-stop to Frankfurt with connections to other German destinations. Ask your travel agent or Lufthansa for the Yellow Book.



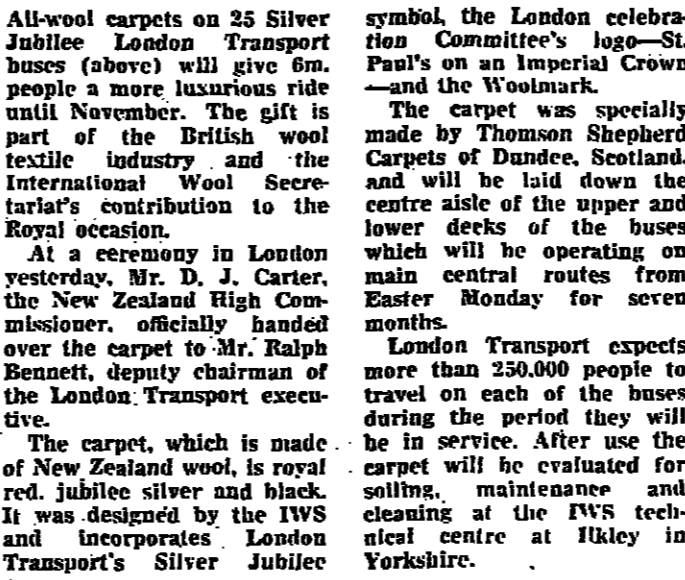
HOME NEWS

an on cable contract illusion confirmed

H. HERMANN, LEGAL CORRESPONDENT

RESTRICTIVE Practices yesterday confirmed the offer of 18 months ago... The fourth agreement intended to replace the first three after their discovery...

both parties invited the court yesterday to stay the proceedings in respect of this agreement... After some hesitation as to whether such a stay of proceedings was possible under the rules...



All-wool carpets on 25 Silver Jubilee London Transport buses (above) will give five people a more luxurious ride until November. The gift is part of the British wool textile industry and the International Wool Secretariat's contribution to the Royal occasion.

Meriden expected to win new lease of life to-day

PETER CARTWRIGHT, MIDLANDS STAFF

Meriden is expected to win a new lease of life to-day... The Motor Cycle Co-operative, when the company was asked to grant a £500,000 loan to relieve the acute situation and also enable it to sever its links with Villiers Triumph...

City rates exceed £1,000 per clerk

BY QUENTIN GUIRDHAM, PROPERTY CORRESPONDENT

THE COST in rates of a clerk in the City of London will exceed £1,000 in the coming financial year... This overhead cost projection is based on someone occupying 120 sq. ft. of office space...

Production of Scotch whisky falls 8%

BY Kenneth Gooding

SCOTCH WHISKY production fell substantially last year, for the third successive year... In turn, 1975 had shown a 16 per cent drop on 1974... However, the Scotch Whisky Association points out that the decline slowed in the second half of last year...

North Sea watchdog hindered by 30% staff shortage

BY RAY DAFTER, ENERGY CORRESPONDENT

A NEW division of the Department of Energy, formed to oversee crucial North Sea oil and gas development, is being hindered by a 30 per cent staff shortage... The petroleum engineering division employs about 90 staff...

DT plan link es market

Dominions Trust, the credit group, is starting to promote a scheme to link the market for medium-sized deposits... The scheme is aimed to attract deposits by small commercial firms and by individuals by offering a market rate coupled with the ability to withdraw at once...

State may recover half Scottish Daily News loan

BY OUR GLASGOW CORRESPONDENT

THE GOVERNMENT is likely to recover half its secured £1.2m loan to the now bankrupt Scottish Daily News workers' co-operative... Mr. James Whitton, the liquidator, told the creditors meeting in Glasgow yesterday that the assets realised £1.38m...

Building orders up in January

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE VALUE of orders won by the construction industry in Britain during January rose sharply after the poor December... They were also marginally higher than in the same month of 1976...

For the security you need today



Advertisement for Abbey National savings. Text includes: 'Security is still in easy reach - you can join the 3 million-plus Abbey National savers for as little as £1. And we'll get that pound growing at good interest for you. Add more money as you like, when you like. We'll make it all grow into a lot of security. Security that's really essential these days. Security that's always there to fall back on. Because your money is really safe. Abbey National safe. Safe as houses. All this without tying yourself, or your money up: withdrawals are easy. There are over 400 Abbey National branches to choose from. There's one near you. The address is in Yellow Pages. So come on in, Today.'

spending n. to beat vestos risk... H RAIL is spending £7m in a four-year period to potentially dangerous asbestos lining material in cabs of locomotives...

Computing centre backs privacy rights

THE CITIZENS' basic right to privacy from data-gathering computers should be protected by law, says the National Computing Centre...

Comparison

The figure of £1,000-plus a year rate costs per employee emerges from a study by Debenham Tewson and Chinnocks, chartered surveyors and estate agents, comparing City of London costs with those in the West End... Taking the small rise of 4.85p in the pound to 78.33p in the pound on City rates for the year 1977-78, the firm estimates the rental costs during the coming year of a City employee at £1,620 and the rates on this space at £1,054...

Weather reports table with columns for location, temperature, and weather conditions.

W REPORTS... Depth State (cont.) U Place... 61 28 Good Cloud... 62 28 Good Cloud... 63 28 Good Cloud... 64 28 Good Cloud... 65 28 Good Cloud... 66 28 Good Cloud... 67 28 Good Cloud... 68 28 Good Cloud... 69 28 Good Cloud... 70 28 Good Cloud... 71 28 Good Cloud... 72 28 Good Cloud... 73 28 Good Cloud... 74 28 Good Cloud... 75 28 Good Cloud... 76 28 Good Cloud... 77 28 Good Cloud... 78 28 Good Cloud... 79 28 Good Cloud... 80 28 Good Cloud... 81 28 Good Cloud... 82 28 Good Cloud... 83 28 Good Cloud... 84 28 Good Cloud... 85 28 Good Cloud... 86 28 Good Cloud... 87 28 Good Cloud... 88 28 Good Cloud... 89 28 Good Cloud... 90 28 Good Cloud... 91 28 Good Cloud... 92 28 Good Cloud... 93 28 Good Cloud... 94 28 Good Cloud... 95 28 Good Cloud... 96 28 Good Cloud... 97 28 Good Cloud... 98 28 Good Cloud... 99 28 Good Cloud... 100 28 Good Cloud...

Public works new orders received in the three months ending in January increased, however, by 25 per cent over the earlier quarter and by 11 per cent on the same period 12 months earlier... The DoE estimates that new orders in the council housing sector in the three months to the end of January were 5 per cent down in value on the previous three and by 24 per cent on a year earlier... Private housing orders recorded in the latest quarterly period under review fell by 10 per cent from the previous three months and by 15 per cent from the same period a year before.

ADVERTISER'S ANNOUNCEMENT

We'll take more care of you

20

British airways ANNOUNCE

Tuesday, March 22, 1977



Wide-bodied jets soar from seven to seventeen every week

GULF GETS TEN MORE TRISTARS

KEEPING right in step with the enormous business boom in the Gulf, British Airways increase its wide-body TriStar services to the area from seven each week to 17 from April 1.

This means that a daily TriStar service will operate to Dubai, Dhahran and Abu Dhabi, Bahrain and Doha will have TriStar flights for the first time. Kuwait will have six TriStars until May 18, when the TriStar service will be extended to a flight every day.

British Airways can also take advantage of these advantages on its services. It is the only airline to fly to all seven Gulf destinations plus Jeddah, from London.

Announce Reporter

The British Airways TriStars have been fitted out to serve the demands of the business community in the Gulf area, with an enlarged first-class cabin, seats in both sections as big as those in the jumbo jet, and improved wardrobes and galley units.

Middle East

There are non-stop flights to Bahrain, Iran, Kuwait, Doha, Jeddah and Muscat - a major plus with the international business community looking to the Middle East.

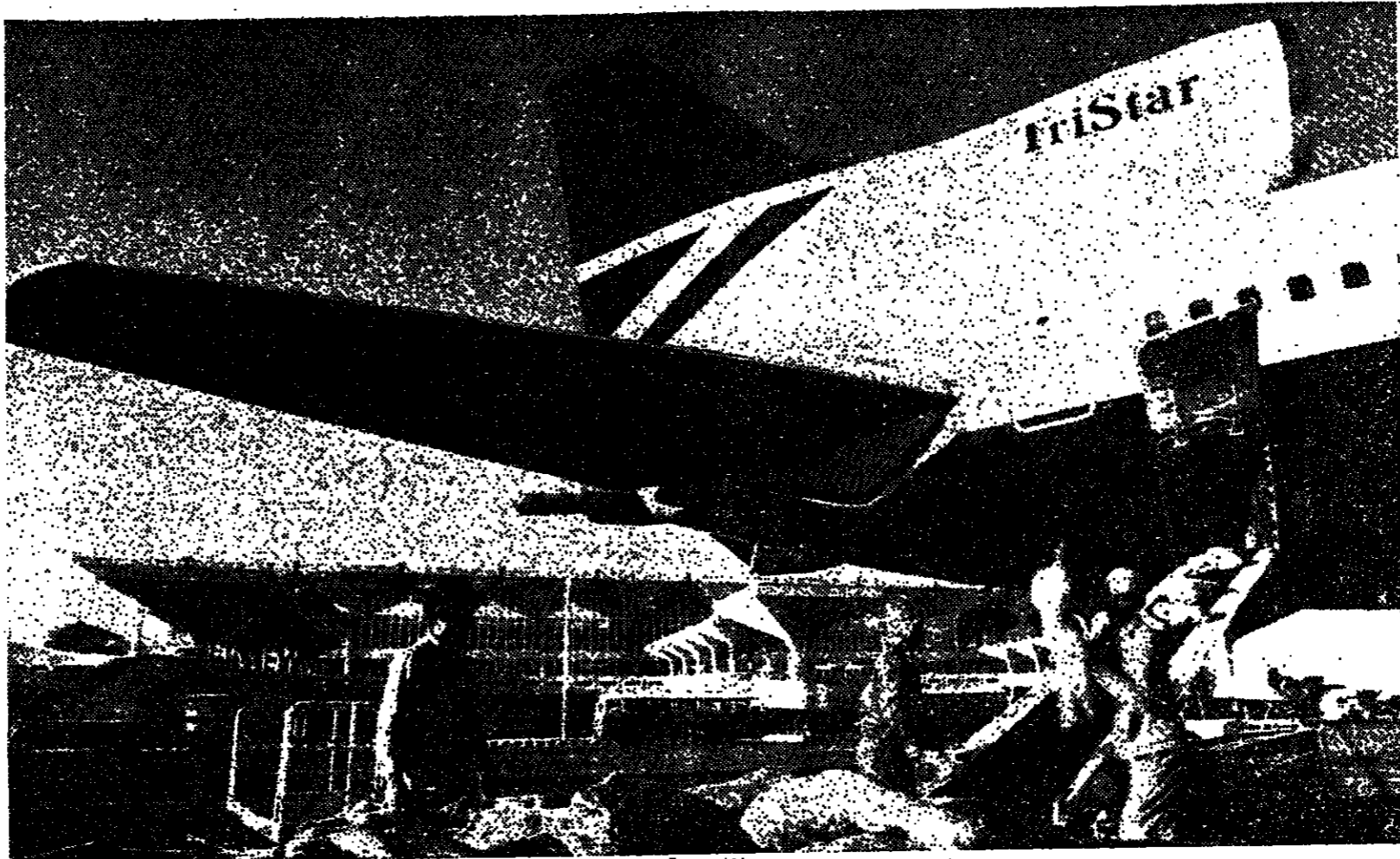
Increased

In addition, British Airways introduced wide-bodied luxury of the Gulf a year ago. This service will become more familiar sight in the Gulf this summer.

At the same time, British Airways is stepping up its services to other parts of the Middle East. To Teheran there will be 14 VC10 flights each week instead of ten. Ten of the flights will be non-stop.

To Cairo the services are to be increased to six each week. To Amman there will be four non-stop flights each week, two by TriStars and two by VC10s. And to Baghdad there will be two TriStars and a VC10.

British Airways' imaginative summer timetable puts the whole of the Middle East at the disposal of the business traveller more frequently than ever before, with most flights taking around seven hours.



Cargo being unloaded at Dubai

More jets than ever to Germany

THE BOOMING Federal Republic of Germany is a top target for British businessmen chasing vital export orders. British Airways soon recognised the increase in demand for speedy direct services to the major German trading centres. And from April 1 it has more flights from the UK to the Federal Republic than any other airline - 129 flights a week to nine important German business centres.

A British Airways spokesman said: "We want to do all we can to help British business travellers capture their share of this market." To help boost the export effort there will be major increases in flights from April 1.

Non-stop

From Heathrow, flights to Frankfurt will increase from three to four a day, and to Munich they will increase from seven to 12 a week. There will be a new non-stop service to Hanover every day. In addition, there will be a second daily service to Hanover in the periods April 19-29 and September 19-30, during the two major trade fairs.

Düsseldorf has three flights a day including a new morning departure at 09.15. Hamburg and Berlin each have two flights a day, while Bremen, Cologne and Stuttgart are served daily.

From Manchester there is a new service to Frankfurt every weekday, plus the daily service to Düsseldorf, Berlin. There are also flights every weekday from Glasgow and Birmingham to Düsseldorf.

British Airways German service does not end with the most comprehensive timetable available. It also offers:

- Special inclusive packages, including all the main exhibitions and trade fairs.
- British Airways Associate Hotels in Munich and Düsseldorf, which can be booked at the same time as the flight.
- Special Spouse fares so that a business man can take his wife with him at reduced rates.

Europe flights increased

BRITISH AIRWAYS flights into Europe are now more frequent and better than ever. Here are some of the new developments:

PARIS: The route from London to this city, one of the busiest in the world, has now been increased to seven flights a day from Heathrow. Four of those flights are by wide-bodied TriStars.

The regular two-hourly schedule from Heathrow to Rome is now augmented with a 2030 service and First Class is available on every flight.

Paris flights also leave from Manchester, Birmingham and Cardiff/Bristol.

MILAN: It now has three British Airways Trident flights a day from Heathrow - at 08.45, 14.15 and a new service at 18.15, except Saturday.

MADRID: Spain is becoming increasingly important and British Airways has stepped up its TriStar flights to Madrid to three a week.

The twice daily service from Heathrow leaves at 10.10 and 15.50, with TriStars operating the morning flight three days a week.

Belfast gets the super Shuttle

Cartoon by Ross



FROM April 1, Belfast will join the highly successful British Airways Shuttle services. That is just part of the spring news for UK travellers.

The London-Belfast Shuttle, which will be operated by Tridents, will follow the same principles pioneered by British Airways on the Shuttles to Glasgow and Edinburgh.

Passengers can buy their tickets in advance at Travel Agents or pay on board the aircraft. Seats are guaranteed without any need for advance booking.

The Shuttle will operate a two-hourly service between 08.20 and 10.20 from Heathrow. First departure from Belfast is at 07.20 followed by a two-hourly service between 10.20 and 20.20.

New services

On the same day - April 1 - another important new flight will be added to the already comprehensive Great British service offered by British Airways.

ABERDEEN, the nation's oil capital, will be the destination for a twice daily service from Gatwick.

The Gatwick route will be in addition to the existing five flights a day between Heathrow and Aberdeen.

The weekday BAC 1-11 flights will depart Gatwick at 09.40 and 19.05. They will leave Aberdeen at 07.50 and 17.15. Flying time is 80 minutes.

MANCHESTER services have also been improved. Now there are nine Super 1-11 flights to London every day.

There are also new services from Manchester to Zurich and Frankfurt.

British Airways is expanding many of its busy routes within Britain in response to the increasing demand for air travel.

Supporting the wide network of air services available are British Airways Associate Hotels, which are ideally located in main centres.

At all the points served by British Airways around the country are good car hire facilities and to complement the instant Shuttle service there is an instant car hire scheme.

Shuttle-Drive By Godfrey Davis guarantees a car without any need to book. Passengers can pick up a hire-car booking form on departure.

9 days left for the Jubilee Sale

THE Great British Airways Jubilee Year Sale spring offers, with up to £30 off some holidays, are coming to a close.

Already thousands of holidaymakers have taken advantage of the savings offered at 70 hotels in the Sovereign, Enterprise and Cambrian brochures. But with the March 31 deadline approaching time is running out for sun-seekers chasing a bargain.

The other great news for travellers is that all Sovereign, Enterprise and Cambrian holidays in Europe and North Africa are at a guaranteed fixed price. Not one penny will be added to a holiday after it has been booked. (Only Government action can affect this guarantee.)

This Fixed Price Guarantee, pioneered by British Airways in 1975, also applies to the Jubilee Year Sale.

The discounts offered in the sale are for April, May and June departures and are:

- £10 off many seven-night holidays.
- £15 off many 14-night holidays.
- £30 off selected 14- and 21-night holidays.

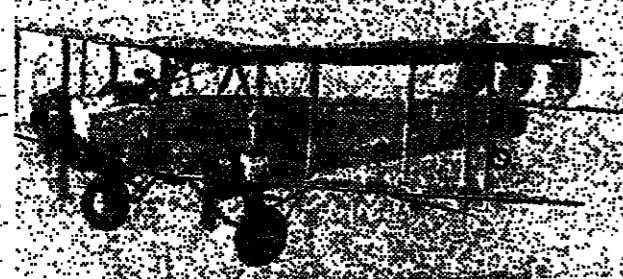
The British Airways holiday bonus does not end there.

SIX JUBILEE SALE BARGAINS

Hotel	Departure	Brochure price from	Jubilee Sale price from
7 NIGHTS			
MAJORCA (Enterprise)	Tropical (Playa de Palma, Arenal (Gatwick))	£104	£94 (full board)
ITALY (Enterprise)	Arenal (Gatwick)	£91	£81 (full board)
SPAIN (Enterprise)	Copacabana (Lloret de Mar)	£88	£78 (full board)
14 NIGHTS			
SPAIN (Sovereign)	Miramar (Castro Urdiales)	£175	£160 (full board)
TURKEY (Sovereign)	Cinar (Istanbul)	£280	£265 (half board)
MALDIVAS (Sovereign)	Saint Geran (Mauritius)	£580	£560 (half board)

All prices from London

For reservations or further details, see your travel agent or British Airways shop



DH66

The pioneers

BRITISH AIRWAYS which introduced the Concorde on the route to Bahrain has always been a pioneer in aviation. In 1927, the first services operated by a DH66 Concorde. It carried 14

passengers and a crew of three. It flew at 95 miles an hour and took six days to Basra. In 1932, Bahrain's first commercial service also took six days.

Quite a contrast from Concorde! She flies there now in just four-and-a-quarter hours.



Relax with the Monarch

WELCOME! British Airways Senior Passenger Agent Anna Pearce shows off the reopened Monarch Lounge in Terminal Three at Heathrow, which can be used by First Class passengers and Executive card holders. The lounge has been completely refurbished and redecorated.

The dangers of a high exchange rate

BY SUSAN MORGAN

THE SORRY state of the economy transcends all political problems in Ghana. "It's a big mess," Ghanaians say, pointing ruefully to the popularity of a hit record entitled "Ehiana," meaning "I am broke."

Five years after General Ignatius Acheampong overthrew the elected administration of Dr. Kofi Busia to "clean up the economy," foreign exchange reserves are falling, inflation is spiralling and economic growth is stagnating. Production of cocoa, Ghana's chief export, has fallen this year by some 68,000 tons, from 395,000 tons last year to around 330,000.

But there are hopes that this year may see at least a partial turning of the tide for General Acheampong's military Government. General Acheampong has appealed for 1977 to be a year of action to win the "economic war" and there are signs that the Government is trying to put more muscle behind its hortatory slogans.

Politically, too, change appears to be in the offing. At the end of last year, the Government floated the idea of bringing back some form of civilian participation in the administration through a "Union Government." But it is far from clear what form this would take, as political parties and a general election have apparently been ruled out.

General Acheampong inherited considerable economic problems—general mismanagement and a history of debt among them. The variety of social and political systems experimented with since independence—20 years ago this

week—did not help matters, nor did the expensive prestige projects initiated by Kwame Nkrumah, who was overthrown in 1966.

The Acheampong Government made a promising start but has been experiencing growing economic difficulties in the past two to three years which are now assuming the proportions of a full-scale crisis. Ghanaians explain their difficulties largely in terms of the rise in oil prices (the country has no oil of its own), coupled with a lack of foreign investment and two seasons of bad harvests.

The average Ghanaian is most affected by inflation, officially running at 62 per cent, but unofficially estimated at around 80 per cent. Local food prices are soaring and there are shortages of many basic commodities such as soap, toilet paper, matches and toothpaste.

The balance of payments moved from a \$69.9m. surplus in 1973 to a deficit of \$91m. in 1974 and then recovered to a virtual balance in 1975. But the high cost of oil imports suggests that Ghana's trade balance this year may show a deficit of between Cedis 150m. (£76m.) and C200m. (£105m.), even worse than 1974.

Exacerbating this situation is Ghana's strong and traditional propensity to import. Efforts by the Government to establish import priorities through a licensing system have so far met with only limited success and (as in the past) have been prone to abuse and bottlenecks. Delays

of between three and six months are common. Perhaps the key to Ghana's economic difficulties, and one severely constraining development, is the artificially high exchange rate. Officially tied to the dollar at C1.15, the Cedi's unofficial and black market rate is four times lower. The cost of imports has long been a major political issue and this, coupled with the fact that the Government took power from the Busia administration over the issue of a near 50 per cent devaluation, has inhibited it from managing the exchange rate. Most Ghanaians maintain that it is politically impossible for this Government to devalue.

Money supply

Inflation is being fuelled by the continuing restraint on imports—though this may be marginally relieved by an extra C100m. (£52m.) worth of import licences for this year—and by a continuing depression in domestic output, largely attributable to the bottlenecks and mismanagement of the import licensing system. A third contributory factor is the increase in money supply, which rose 47 per cent between March 1975 and March 1976.

Total revenue for 1976-77 is estimated at C1,082m. (£570m.), a 48 per cent increase on last year, but actual receipts are likely to be down, with an apparent increase in smuggling reducing the effect of world record cocoa prices.

For an economy based on agriculture, Ghana has fared badly in the past two years. Its major export earners, cocoa and timber, face increasing competition from the Ivory Coast. Timber there is cheaper and the Ivory Coast seems certain to overhaul Ghana in cocoa production in the next five years.

The first major undertaking of the Acheampong Government to achieve self-sufficiency in agriculture via Operation Feed Yourself, has suffered a drop in production, due partly to bad weather and partly to a loss of impetus.

Cocoa, of which Ghana has been the world's foremost producer for many years, faces particularly severe problems. The causes of this year's shortfall include the old age of both trees and farmers, fragmentation of farms into uneconomic units, an increasing number of absentee landlords, low prices to producers and smuggling.

Corruption is rife—and at the highest level. Last November two retired Generals were accused of evading customs duties totalling nearly £180,000. Rumours that officials are involved in the evasion of duties are given credence by the wholesale and regular transfer of border guards and customs officials.

Smuggling has assumed the proportions of a national industry. Cocoa, timber, rice, maize, fruit and industrial products are all attracted out of the country by the lure of convertible currency in neighbouring Ivory Coast and Togo. General Acheam-

pong himself complains that Ghana is feeding her neighbours as well as herself.

What is frequently happening is that a Ghanaian company buys its imports very cheaply at the official rate, and then smuggles manufactured goods out of the country to the CFA franc zone, making a large profit that the Ghanaian Government has effectively subsidised. Operation Counterpoint, to contain smuggling, has had only limited success. Its main effect has been to direct the attention of large and well organised groups of smugglers to the Ivory Coast rather than the Togo border.

Signs of discontent with the economic situation are growing. There has been a rash of strikes, the first for years. Bank employees struck for better pay and conditions in November and were followed a month later by dockers and manganese miners. A few weeks ago students at the country's three universities boycotted classes in support of 15 colleagues whom they felt had been overpenalised for striking over late payment of grants and bad food.

A warning by General Acheampong in January, that "a few among the armed forces" were deliberately misinterpreting Government policies, also suggests some dissatisfaction among the soldiers. There have been at least five attempted coups, the latest allegedly in January and led by sergeants and corporals. But General Acheampong—an able politician, as indicated by his Ashanti nick-

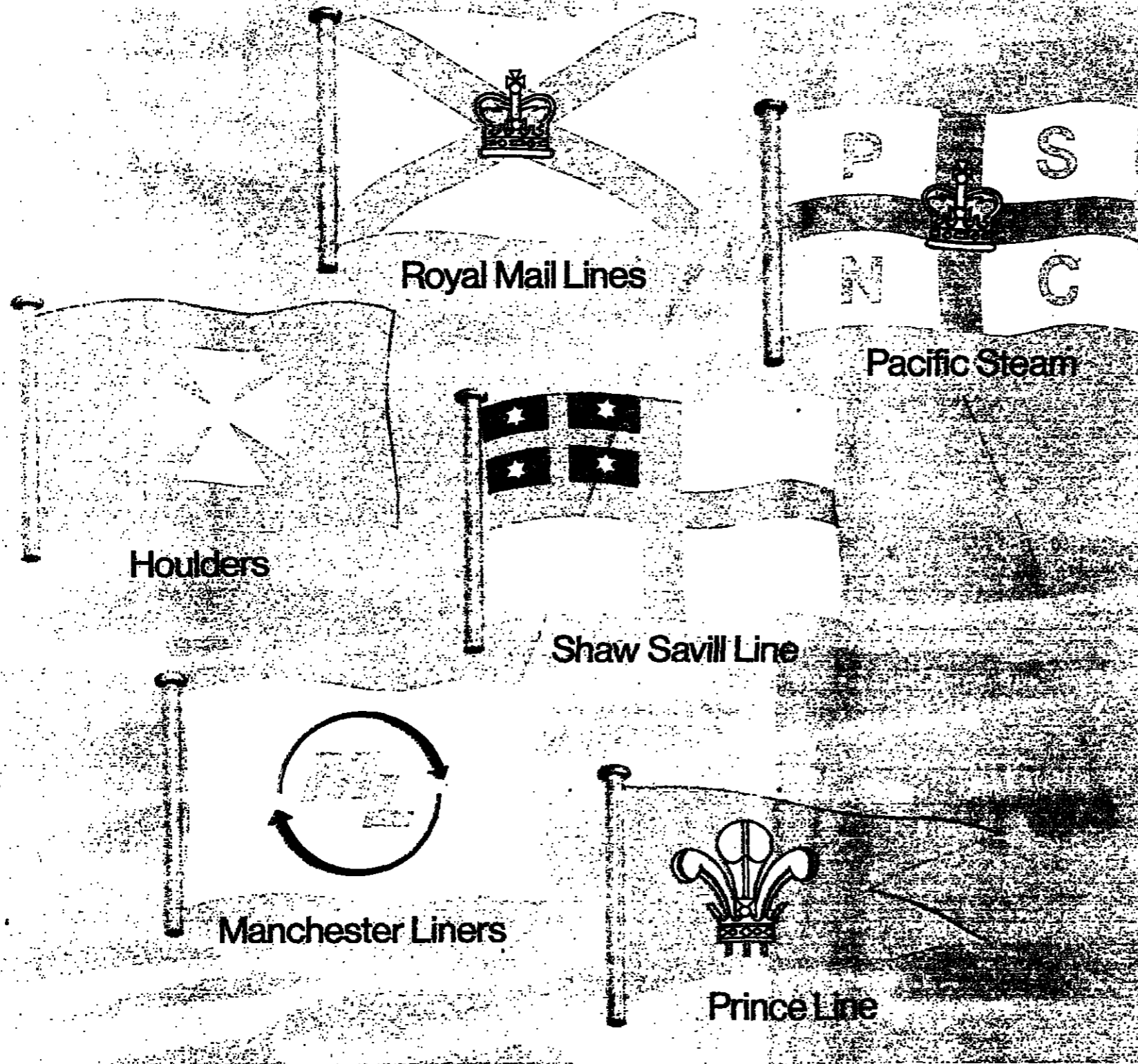
name, "the fox"—seems firmly in power, perhaps because there is no real alternative to him.

But the idea of a Union Government does indicate that the ruling Supreme Military Council recognises its limitations and feels a need to broaden its power base, perhaps hoping that wider participation may provide a way out of the difficulties that enmesh it.

It remains to be seen whether the desire for a return to democratic rule will be satisfied by a Union Government. Official statements equate it with a national Government, but there have been no indications whether General Acheampong will favour a unicameral or bicameral system or bring in a legislature at all.

The most likely formula appears to be some form of representation of countrywide groups such as professional organisations, trade unions and the like—including the military and the police. Political enthusiasm for the idea, after a year of welcoming articles in the Government-controlled media last year, has been muted.

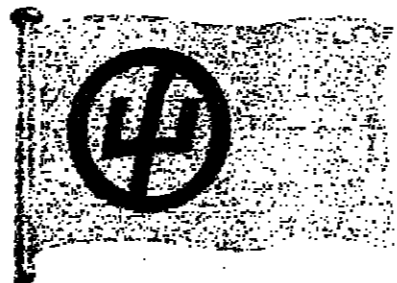
Ghanaians cannot be said to have looked to take advantage of an ad hoc committee created in January to collate views on what form a Union Government should take, even though the Government says that all suggestions are acceptable. Many people are clearly reluctant to spell out the radical reforms they feel are necessary to cope with the most critical problem of the economy.



Where are they now?

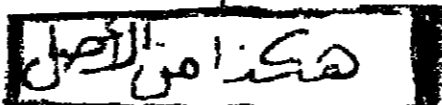
All these famous names in British shipping are still making history today. They're subsidiaries of Furness Withy, one of the major UK shipping companies. We run regular cargo services to North and South America, Australia, New Zealand and the Mediterranean. And we have ships on charter all round the world. Furness Withy is a big shipping group; it owns or manages 67 ships. It has a current ship building programme valued at over

£105m, and its annual earnings exceed £160m. Whilst Furness Withy is primarily a shipping group—and it intends to remain so—it has broadened its interests and expertise in allied fields such as North Sea oil, engineering and insurance broking. So however you look at us—whether you are a customer, an investor or an employee—you can be sure of one thing. Furness Withy is going to continue as one of the leaders of Britain's vital shipping industry.



Furness Withy Group

One of the Big names in British Shipping.
Furness Withy & Company Limited, 105 Fenchurch Street, London EC3M 5HH.



The Financial Times Tuesday March 22

We'll show you It the business way

- Alitalia's services: more flights more Italian destinations.
- Alitalia's organisation: more offices in Italy to help you once you are in.
- Alitalia's Business Traveller's Club: more inside information.
- Alitalia's Itaipak: more inclusive package arrangements in Italy's many business centres.
- Alitalia's Special Plan: more advantageous prices at Jolly Hotels throughout Italy.
- Alitalia's Jet-Drive: more self-drive arrangements in Italy.
- Alitalia's aim: more business in Italy for you.

To: Alitalia, Distribution Dept., 251 Regent St., London W1A 2AB
Please send me the following Alitalia brochures:

Timetable UK-Italy Itaipak Business Traveller's Club
 Alitalia/Jolly Hotel Special Plan
 Jet-Drive

Name: _____
Address: _____

Alitalia
We'll show the way
22/3

CLARKE SECURITY SPECIALISTS WILL SOLVE YOUR ACCESS & SECURITY CONTROL PROBLEMS. We design and manufacture a variety of CONTROLS AND ELECTRONIC LOCKS AND OUTDOOR LOCKING AND MOTIVE EQUIPMENT FOR GATES - Full installation service.

CLARKE INSTRUMENTS LTD., 91A High Street, Camberley, Surrey. Telephone: 0276 2706

The List of Applications will be opened at 12 noon on Thursday, 20th April, and will be closed at any time thereafter on the same day.

12½ per cent. EXCHEQUER STOCK, 1992

ISSUE OF £800,000,000 AT £96.00 PER CENT

Payable as follows:

On application	£15.00
On Monday, 25th April 1977	£40.00
On Monday, 13th June 1977	£41.00

Internet payable half-yearly on 25th February and 25th August. This Stock is an investment falling within Part II of the Finance Act 1963. Application has been made to the Registrar of Companies for the Stock to be admitted to the Official List of the Stock Exchange. THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND will receive applications for the above Stock. The principal of and interest on the Stock will be a charge on the Fund, with recourse to the Consolidated Fund of the United Kingdom. The Stock will be repaid at par on 25th August 1992. The Stock will be registered at the Bank of England or at the Registrar of Companies, and will be transferable in multiples of one new pound, by writing in accordance with the Stock Transfer Act 1963. Transfers will be subject to stamp duty. Interest will be payable half-yearly on 25th February and 25th August. Interest will be deducted from payments of more than 25 per cent. Interest will be transmitted by post. The first payment will be made on 25th April at the rate of 12½ per cent of the Stock. Applications will be received at the Bank of England, New Issues, 1, London, EC4M 9AA. Applications must be for £100 Stock or a multiple of £100. Applications for more than £50,000 Stock must be in a separate cheque representing a deposit of 15 per cent of amount applied for must accompany each application. Letters of allotment in respect of Stock allotted will be despatched to the applicant. No allotment will be made for a less amount than in the event of partial allotment, the balance of the amount paid as to be returned by cheque despatched by post at the risk of the applicant: if it is made the amount paid as deposit will be returned. Payment in full may be made at any time after allotment but no interest will be allowed on such payment. Default in the payment of any instalment date will render deposit and any instalment previously paid liable to be returned and the allotment to be cancelled. Letters of allotment may be split into denominations or multiples written request received by the Bank of England, New Issues, 1, London, EC4M 9AA, on any day not later than 9th June 1977. Such a request will be accompanied by the letter of allotment (but the letter cannot be returned until the registration account has been opened and the balance as paid, unless payment in full has been made before the due date, in which case the balance as paid will be returned to the applicant. A commission at the rate of 25 pence per £100 of the Stock will be paid to stockbrokers on allotments made in respect of applications bearing interest. However, no payment will be made where the banker or stockbroker, by way of commission a total of less than 25 pence. Application forms and copies of this prospectus may be obtained at the Bank of England, 1, London, EC4M 9AA, or at any of the following offices: The Bank of Ireland, P.O. Box 13, Dublin 1, Ireland; 311, St. Paul's Churchyard, London, E.C.4; or any office of The Stock Exchange in the United Kingdom. Bank of England, London, 19th March 1977.

THIS FORM MAY BE USED

For use by Banker or Stockbroker claiming commission—

(Stamp) _____ VAT Regn. No. _____
(if not registered put "NOR")

The List of Applications will be opened at 12 noon on Thursday, 20th April, and will be closed at any time thereafter on the same day.

12½ per cent. EXCHEQUER STOCK, 1992

ISSUE OF £800,000,000 AT £96.00 PER CENT

TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND

The applicant named below requests me to allot to him/her in accordance with the prospectus dated 16th March 1977:

£ _____

The sum of £ _____ (in words) before the amount of the receipt (namely £15 per share) of the Stock applied for, is enclosed. I hereby declare that the applicant is not resident outside the United Kingdom and that the security is not being acquired by the applicant in pursuance of any provisions resident outside those Territories.

SIGNATURE _____
of, or on behalf of, applicant.

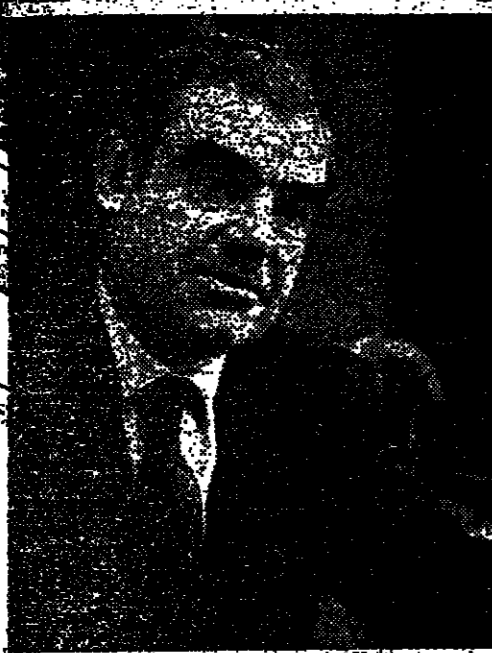
PLEASE USE BLOCK LETTERS

SURNAME OF APPLICANT _____
Mr/Ms/Msrs or Title _____
FIRST NAME(S) IN FULL _____
ADDRESS IN FULL _____

Applications must be for £100 Stock or a multiple thereof, up to £250,000 for amounts between £2,000 and £50,000 Stock must be in a separate cheque representing a deposit of 15 per cent of amount applied for must accompany each application. Cheques should be payable to "Bank of England" and crossed "Exchequer Stock". If this application cannot be made it should be returned to the Agent, through whom the allotment should be effected. Authorised Depositors listed in the Bank of England's Notice 11 and outside those banks and branches and solicitors practicing in the United Kingdom, the Channel Islands, the Isle of Man, Approved Agents in the Republic of Ireland are deemed to be authorised. The Stock Exchange is present in the United Kingdom, the Channel Islands, the Isle of Man, the Republic of Ireland and Gibraltar.

تورنر نیوال

F&N to double JK investment following record year



NICK GRIFFITH, CHAIRMAN

Turner & Newall is growing and changing. In the UK more than 50% of our turnover is plastics based. In 1977 we will spend at home £20 million on plastics, automotive components and construction materials activities.

Overseas we will make substantial investments principally in automotive products and construction materials. Around the world and at home Turner & Newall is looking forward to a growing, changing and profitable future.

Strong Recovery in UK

Sales up 25%, profits more than doubled

Record Exports

Up 32%

Growth in Overseas Profit

Up 33%

Higher Return on Capital Employed

Up from 14% to 18%

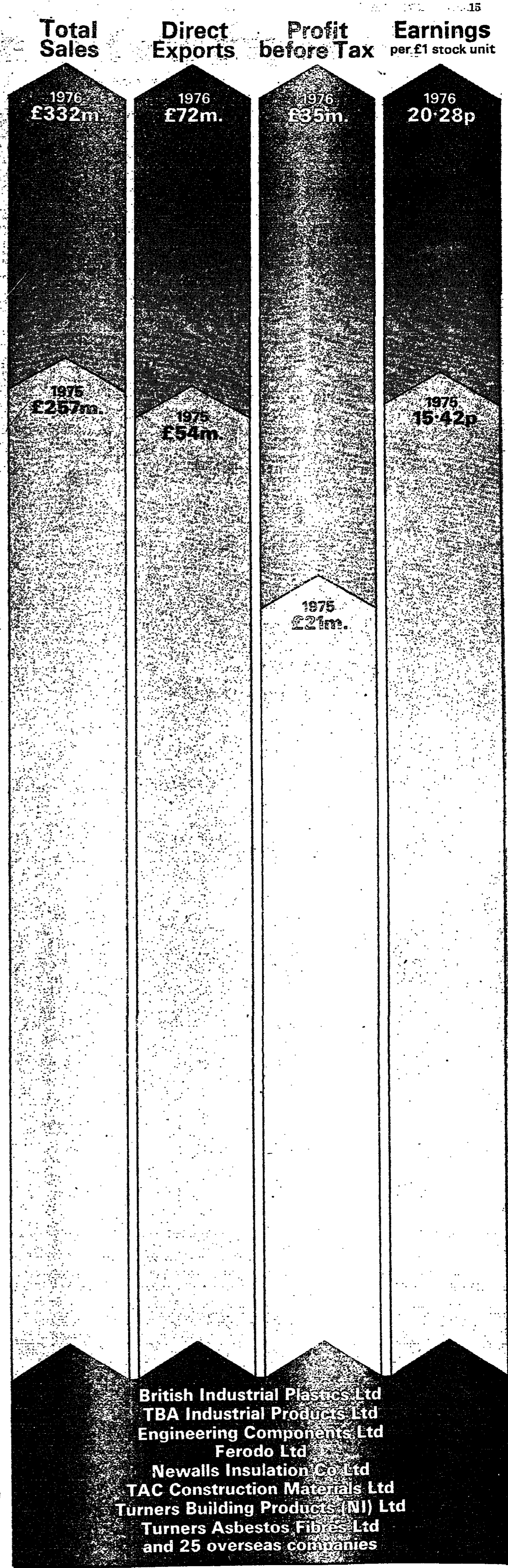
Earnings for Stockholders

Earnings per stock unit up 32%

Dividend covered 2.24 times

For a copy of the Report and Accounts write to
The Secretary, 77 Fountain Street, Manchester M2 2EA

TURNER & NEWALL LIMITED



British Industrial Plastics Ltd
TBA Industrial Products Ltd
Engineering Components Ltd
Ferodo Ltd
Newalls Insulation Co Ltd
TAC Construction Materials Ltd
Turners Building Products (NI) Ltd
Turners Asbestos Fibres Ltd
and 25 overseas companies

LABOUR NEWS

Leyland talks start as men go back

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE 50,000 workers laid off by Leyland Cars during the toolmakers' strike returned to work yesterday as talks between the management, strikers' leaders and officials of the Amalgamated Union of Engineering Workers began in Birmingham.

Although Leyland was pleased with the turn-out yesterday, it will be several days before the factories can expect to return to normal working.

Very few production lines were running smoothly last night, partly because of maintenance problems, and partly because of shortages in the flow of materials.

Following the month-long dispute with the toolmakers, Leyland is now extremely short of car stocks. The indications are that it will lose market leadership this month to Ford, and will suffer even greater setbacks in April.

For some products, such as the Rover 3500, Leyland is now quoting more than six months delivery times, and there is a two or three month waiting list even for some of the popular models.

At the same time, the car importers are expected to take advantage of their strong stocks position in relation to both Leyland and Ford, pushing up their market share in the fairly buoyant market conditions. The

market overall is expected to be about 10 per cent up on March last year.

All employees in the car group received a letter yesterday morning from the Car Council, the top joint union/management body set up under the participation machinery.

The letter spelled out the message that the overwhelming task facing the company at present was to "prevent a massive cut-back in our operations." It went on: "There has been much speculation recently about the likelihood of plant closures and the loss of thousands of jobs. Let no one doubt that it can happen."

The Leyland objective now is to get back to the "normal" working target of a weekly output of 30,000 cars which was identified as the condition for further Government support for the company.

With the toolmakers' strike over, Leyland has a chance of getting back to these production levels by the end of the month. Meanwhile the talks with the toolmakers' leaders and two AUEW national executive members are continuing on the issue of differentials.

The talks, which are under the chairmanship of Mr. Geoffrey Whalen, personal director, were described as an "exchange of views, not negotiations."

Midland bid to share profit with bank staff

By Michael Blanden

MIDLAND BANK is proposing to introduce a profit-sharing scheme for its staff to be implemented as soon as Government pay policy permits.

The bank would not release any details of its proposals, but it is expected they will be put to union representatives by tomorrow. The move follows considerable pressure from the National Union of Bank Employees.

Midland is the last of the big four banks to announce moves towards implementing a profit-sharing scheme. Two of the banks already have schemes in operation: National Westminster and Barclays put them into effect before the pay controls prevented any further such moves.

The sharp profit rises last year have brought substantial benefits for staff members of these banks, with the Barclays contribution to its scheme rising from £5.0m. to £7.1m. and NatWest's from £2.9m. to £7.8m.

Lloyds Bank recently announced that it had called in a firm of consultants to advise on setting up a scheme or schemes to enable group employees to receive rewards related to profits.

Preston dockers sit in at union HQ

BY OUR LABOUR STAFF

MILITANT DOCKERS from the threatened Preston Docks yesterday occupied part of the headquarters of the Transport and General Workers Union, in protest at its failure to declare an official national dock strike.

An unofficial strike called yesterday received only limited support, with dockers mainly from the North of England joining it. Liverpool, Hull, Manchester and Clydeside were among ports at a standstill. Elsewhere, support was sporadic, with most dockers working normally.

The dockers decided to occupy the boardroom at Transport House, headquarters of both the TGWU and the Labour Party, after an unsuccessful meeting with senior union officials for the docks industry.

More than 2,000 Tisbury dockers worked normally but the Royal Group was at a standstill. Strike leaders claimed that some 24,000 dockers were supporting the strike.

"We felt we were getting the brush-off," said one of the dockers. "The union then demanded to see Mr. Jack Jones, union general secretary, who agreed to meet them last night."

The decision to shut the municipally-owned docks at Preston was taken by the Conservative-controlled council in November last year. The docks handled about 1m. tonnes of cargo last year but made a loss of almost £1.5m. Some 150 jobs are threatened by the closure.

The dockers gave mixed support to the strike call yesterday, because they had received little support from other ports when they held a five-week strike two years ago over plans to introduce new dock handling methods.

Mr. Phil O'Hagen, chairman of the union's Preston branch, said that the meeting only went over the history of the dispute rather than considering future action.

Brussels committee seeks more senior members

BY DAVID CURRY PARIS, March 16.

THE COMMON MARKET'S Economic and Social Committee is beginning to sound out member States about the possibility of amending its constitution to encourage more senior union and industrial figures to take a more active part in its work.

The problem at the moment is that members of the committee who are senior union or business figures in their own countries cannot afford the time in Brussels demanded by the increasing volume of work. The answer might be to permit deputies for the ordinary work of the committee but to encourage national figures to participate in its more important activities.

Recommendations both from the TUC and the European Federation of Trades Unions have leaned towards a similar idea, and reform of the committee is now being cautiously broached by its own president, Mr. Basil de Ferranti of the U.K.

The factors that seem to weigh with him particularly are the expected arrival of the Community scheme of a directly-elected European Parliament in 1978, and the fact that membership of the committee is due for renewal next year.

Mr. De Ferranti has just spent three days in France seeing Government, industry and union representatives.

NEWS ANALYSIS - POLICE PAY

Waiting for the Tories

BY DAVID CHURCHILL, LABOUR STAFF

TO-MORROW NIGHT, about 2,000 police officers from all over the North of England will be told, at a special meeting in Middlesbrough, that the long-running police pay dispute has now reached a deadlock.

But, traditionally, the main hope of a settlement has been the Police Federation in England and Wales for a settlement "now" - developments on the same night at Westminster. It is not clear that the Tories believe the police have a fair case for improving their pay and conditions and that a new Conservative Government at this stage would treat their claims favourably.

However, if political negotiations do not overcome the differences, the Police Federation may claim that the strike is set for a stormy May conference of the Police Federation at which delegates will press for a more militant line.

Already the extent of the roots feeling over the issue has been revealed: over 100,000 prominent referendums, and support for statutory changes enabling the police to strike.

(This right, along with membership of the TUC, was taken away from the police by the Police Act of 1919 after successive strikes by a few hundred police officers.

The Police and Prison Officers Union was disbanded the summer would provide grants for the Police and Prison Officers and the Police Federation set up a negotiating body, the staff side of the Federation.

In 1974, a working party set up by the Home Office concluded that the police pay had been seriously eroded and armed with its findings, the Federation was able to negotiate a settlement which secured a 23 per cent increase of pay.

But as it subsequently became clear that the settlement would not be held within the new pay policy, the Federation was forced to call a strike.

At the July 1976 meeting of the Home Office, the joint way out to their proposals was to be pressure the Federation's leaders to give up their claim quickly.

But as it subsequently became clear that the settlement would not be held within the new pay policy, the Federation was forced to call a strike.

Subsequently, the Federation called a strike and the Police Federation and the Police Federation and the Police Federation and the Police Federation.

The Prime Minister promised such a "real" settlement date of September 1 only negotiating body—the Police Federation.

But before then the Government introduced its first pay policy which gave a 5.5 per cent increase to the Home Office staff.

However, the Government made a special exception of the police because of fear that the Home Secretary was forced to meet the Federation and it through a similar system seriously exacerbate police man looked at one stage as if the Civil Service pay rise before the recession took hold.

The Police Federation negotiators off talks after pressure from the frustration and bitter only increase.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on March 21, 1977. In some cases, market rates are the average of buying and selling rates except where they are shown to be otherwise.

Exchange rates in the UK and most of the countries listed is officially controlled and rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territory; (N) Scheduled Territory; (O) official rate; (T) tourist rate; (N.C.) non-concurrency rates are nominal; (A) approximating rates are nominal; (B) buying rate; (S) selling rate; (C) convertible rate; (F) financial rate.

Table with columns: Plans and Local Unit, Value of £ Sterling, Plans and Local Unit, Value of \$ Sterling, Plans and Local Unit, Value of £ Sterling. Lists various countries and their exchange rates.

TUC aids Grunwick men

BY OUR LABOUR CORRESPONDENT

A LETTER of support and an offer of help to the union involved in a long recognition dispute at Grunwick Laboratories, a North London film-processing company, is being drawn up by the TUC for the approval of the TUC General Council to-morrow.

Various methods of supporting the Grunwick strikers were discussed yesterday at the TUC Finance and General Purposes Committee, attended by Mr. Roy

Grantham, general secretary of the Association of Professional Executive, Clerical and Computer Staff (APEX) which is fighting the recognition battle.

No specific aid was decided, and Mr. Tom Jackson, of the Union of Post Office Workers, reminded the committee that his union had been taken to court when it blocked delivery of film sent through the post for processing by the company.

Bonus row halts four factories

A STRIKE by over 5,000 workers mainly women, halted production at four West Midlands stereo equipment factories yesterday.

At BSR plants at Cradley Heath and Stourbridge workers downed tools over an annual bonus payment made only to staff.

The company said that as the law stood it was impossible to pay the staff annual bonus to production workers not receiving it before 1975.

DKB'S ECONOMIC JOURNAL

March 1977: Vol. 6 No. 3

Expectation is placed on effectiveness of Government business recovery steps

Japan's economy, which began to show signs of a tangible rally at the start of 1975, has entered its second "pause" since the middle of 1976. The domestic economy managed to counter the first pause—from autumn through winter of 1976—on the strength of brisk exports. However, no such support appears expectable from any major demand factors in the process of the current pause.

Under the circumstances, only slight expectations are being pinned on a series of business bolstering programs announced by the Government since last autumn. Both the mining-manufacturing production index and the shipment index (seasonally adjusted) registered a slight decrease in December. The increasing tempo of quarterly mining-manufacturing production (over the previous quarter on a seasonally adjusted basis) in 1976 continued to slow down, standing at 5.8 per cent in the January-March quarter, 5.4 per cent in the April-June quarter, 1.1 per cent in the July-September quarter and 0.9 per cent in the October-December quarter.

The growth of mining-manufacturing production thus has continued to slacken gradually mainly because of the slowdown in the increase of ultimate demand. Studying the trend of mining-

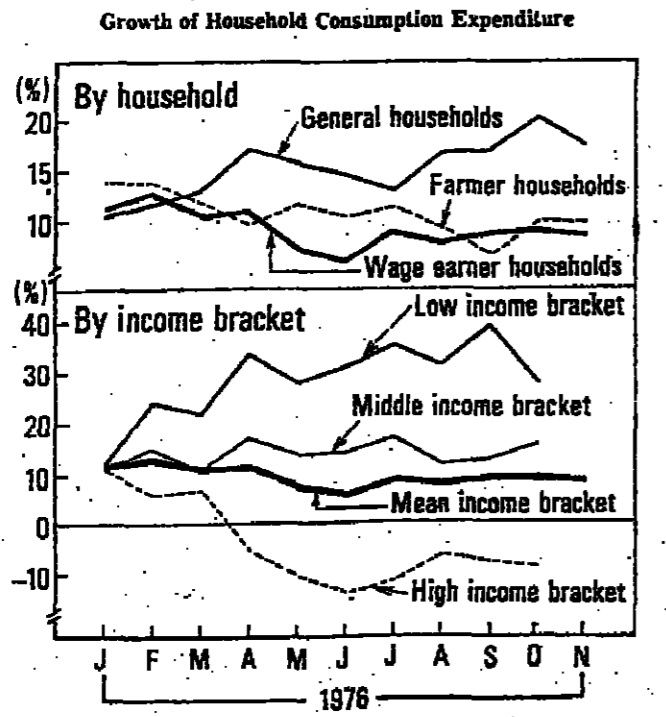
works expense and the partial revival of construction projects by Japanese National Railways and Nippon Public Telephone & Telegraph Corporation under the supplementary budget are expected to take effect gradually. Later developments in this sector will depend on the timing and the form of the national budget for fiscal 1977, which is yet to be approved by the Diet. Housing construction projects in recent years have become more heavily dependent on loans by the Housing Loan Corporation. The addition of loans for 50,000 houses in fiscal 1976 and the new appropriation in fiscal 1977 for over 240,000 residential houses are expected to prove effective.

Housing starts last November registered a sound increase of 7.5 per cent over the year-age level, up encouragingly over the comparable gain of 3.0 per cent in October. Regarding these housing starts, classified by financing phases, the increase of private funds over the year-age level declined to 10 per cent in October, 1976, from 16 per cent in the preceding July-September quarter and further slackened to 9 per cent in November. Housing construction by owners in November, 1976, also registered a decrease of 8 per cent from a year ago for the fourth consecutive month. Housing construction projects based on the additional loans for 50,000 units by the Housing Loan Corporation are scheduled to start from about this month. Accordingly, the recovery of housing construction projects is likely to continue to be a plus factor for the domestic business rally.

Private capital outlay Private plant and equipment investments appear to be continuing a gradual rally, although at a slow tempo. Shipments of capital goods (exclusive of transportation machinery) have continued a sound increase since early 1976. Such shipments (seasonally adjusted) registered a sizable increase of 7.3 per cent over the previous month in November, 1976, followed by a modest 2.2 per cent gain in December. As the basic keynote of demand has been weak, however, the increasing tempo of such demand factors may run

out of steam at any time. Nevertheless, the slow but steady recovery in this sector should continue in view of the following recent trends: 1) Money has continued easy; 2) The leadership of increasing investments has been taken by industries reaping high profits, such as electric power, transportation machinery, electric machinery and service professions; 3) Leading business indicators, such as new machinery orders and construction contracts, have continued bullish. As for the course of inventory adjustments, both inventories of manufactured products and inventories of raw and processed materials have continued to show comfortable gains. In this sector, however, the process of adjustment is likely to continue for some time, although the trend of ultimate demand is expected to hold the key.

Export rallies The quarterly increase of export trade slowed to around 2-3 per cent over the previous quarter in 1976 after a sharp gain in the January-March quarter. However, export trade in December, 1976, made a sound gain of 5.6 per cent over the previous month, and the comparable increase rose higher to 11.4 per cent in January, this year. Export letters of credit received, a leading indicator of export trade on a customs clearance basis, registered a small decrease on a seasonally adjusted basis in the April-June quarter from the previous quarter and again in the July-September quarter. In the October-December quarter, however, they recorded a gain of 3.8 per cent over the previous quarter. A further increase of 5.3 per cent was registered in January, this year over a month ago. This is encouraging news for the business recovery, but excessive dependence on export trade is likely to invite more criticism from Western countries. Under the circumstances, the latest rally of export trade is likely to prove short-lived due to restraints, such as the rising of the yen exchange rate and the criticism against Japan's export offensive by Western countries.



Fiscal outlay & housing However, fiscal expenditure and housing construction are likely to take a favorable turn from the January-March quarter in view of the expected policy effect of the seven-point business bolstering program adopted last November and the start of the supplementary budget in February, this year. In the fiscal expenditure phase, the payment out of the expenses related to public works projects registered a sharp increase of 38 per cent over the year-age level in January, this year, after a 6 per cent decrease in the October-December quarter of 1976. An equally comfortable increase is considered likely in the January-March quarter as the additional outlay of the public

Advertisement for Dai-ichi Kangyo Bank. Text: 'The international bank with your interests at heart.' Includes bank name, address, and contact information.

Large vertical advertisement on the right edge of the page, partially cut off. Includes text like 'Lorenz', 'qu', 'SECURITY', 'DS', 'RTRU', 'MAID FOR'.

John Elliott

The Management Page

EDITED BY JOHN ELLIOTT

Christopher Lorenz discusses the risks inherent in attempts being made to create a European industrial strategy for microelectronics

A quest for entrepreneurial freedom

In the past nine months, in Britain as much as France of top businessmen and perhaps also West Germany, servants from several have been largely wasted in countries, including because too little attention has been devoted to managerial aspects of micro-electronics, such as how public money was applied, or how the products were marketed.

The risk of an even more spectacular and expensive failure this time round, if a European microelectronics programme gets off the ground at all, has now been emphasised by the presentation to Governments of a consultancy report which devotes particular attention to the human and managerial sides of the argument.

The bulk of the report is still secret because of its sensitive nature, but even some of its published proposals are extremely controversial. For example, it emphasises that European micro-electronics companies cannot succeed until their managements are vested with the same degree of entrepreneurial freedom as their American competitors.

Rather than being a reference to the well-debated problem of low financial incentives for the individual in some European countries, this is directed at the need for speedy decision-making — on everything from product development through multi-million pound investment to marketing — which is the hallmark of the U.S. approach to this fast-moving technology.

The statement could hardly be more controversial, since the leading European micro-electronics companies are part of a series of major electrical and electronic combines, such as GEC, Philips and Siemens. The last two are notoriously committee-ridden. This may well be the safest approach to heavy electrical engineering, or even electronic defence systems, but it can become a brake and a burden in microelectronic components, where the business is dominated by independent specialist American firms in which quick decisions are taken by one man or just a handful of individuals.

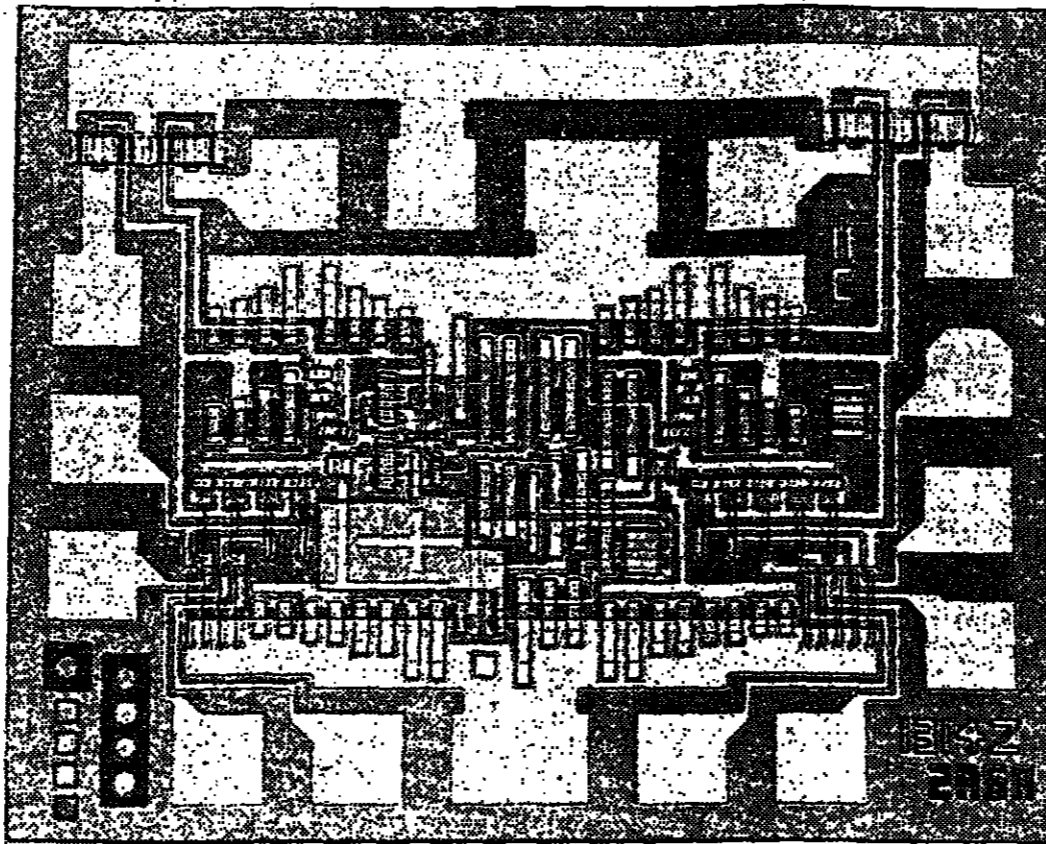
Another controversial aspect of the consultancy report is that there is no mention whatever of one of the ideas which has been most canvassed (by the EEC Commission in particular). This is encouragement for European microelectronics users, such as Post Offices and Defence Ministries, to harmonise their technical specifications in order to make component design and manufacture more economic in Europe. The implication is that the consultants doubt the effectiveness of such an approach.

The 900-page report was originally commissioned by Herr Matthöfer's Ministry, but was later co-sponsored by the governments of France, the Netherlands and the U.K., as well as the European Commission. It was carried out by Mackintosh Consultants, a British company headed by one of the country's most experienced microelectronics engineers, Dr. Ian Mackintosh.

After many years' research in the U.S., he headed the microelectronics operations of Elliott Automation for four years in the 1960s, until two takeovers in quick succession gave control to English Electric and GEC in turn. The latter's decision to cut back its microelectronics activities removed much of the scope for entrepreneurial freedom, so Dr. Mackintosh's insistence upon it as the crux of Europe's current problem is backed by his personal experience as well as by cold analysis.

Dr. Mackintosh admits that his report calls for radical changes in the structure of the European industry, as well as substantial government support of a European programme. He is unable to reveal the study's detailed proposals because of their confidentiality, but his own views are obviously likely to be along very similar lines.

First of all, he argues that European aid so far has been



A much-magnified integrated circuit, designed and made in "Silicon Valley," California. The engraved circuitry is becoming more complex and intricate as every year goes by. Selling prices continue to fall, but cost of entry into the technology is steadily increasing—a daunting challenge to many European companies.

been most canvassed (by the EEC Commission in particular). This is encouragement for European microelectronics users, such as Post Offices and Defence Ministries, to harmonise their technical specifications in order to make component design and manufacture more economic in Europe. The implication is that the consultants doubt the effectiveness of such an approach.

The 900-page report was originally commissioned by Herr Matthöfer's Ministry, but was later co-sponsored by the governments of France, the Netherlands and the U.K., as well as the European Commission. It was carried out by Mackintosh Consultants, a British company headed by one of the country's most experienced microelectronics engineers, Dr. Ian Mackintosh.

After many years' research in the U.S., he headed the microelectronics operations of Elliott Automation for four years in the 1960s, until two takeovers in quick succession gave control to English Electric and GEC in turn. The latter's decision to cut back its microelectronics activities removed much of the scope for entrepreneurial freedom, so Dr. Mackintosh's insistence upon it as the crux of Europe's current problem is backed by his personal experience as well as by cold analysis.

Dr. Mackintosh admits that his report calls for radical changes in the structure of the European industry, as well as substantial government support of a European programme. He is unable to reveal the study's detailed proposals because of their confidentiality, but his own views are obviously likely to be along very similar lines.

First of all, he argues that European aid so far has been

First of all, he argues that European aid so far has been

organising the market." This is jargon for persuading major European users of microelectronics to harmonise technical specifications, so that the circuit manufacturers could tap a larger market for each product design, and thus gain economies of scale similar to those enjoyed by their U.S. competitors. Dr. Mackintosh sees this argument as "to a large extent a red herring," since such harmonisation would only be practicable in public sector markets which will never be large enough to have a significant effect on the overall cost equation of a large micro-circuit manufacturer.

Harmonisation would also take a very long time, he argues, and even then it would be politically difficult to exclude U.S.-owned suppliers with large European manufacturing facilities.

This scepticism seems to be supported by the initial experience of the most successful component standardisation grouping to be established by a few major microcircuit users. Called STACK, it was set up 2½ years ago by four computer manufacturers: ICL, Plessey, Control Data of the U.S., and Nixdorf of Germany. It has already saved them substantial sums on the choice, supply and testing of circuits, and they have just formulated a joint specification for complex memories. They will continue to take these, and other products, from the U.S. however, until the Europeans can offer the latest products as quickly and at similar prices.

So this type of grouping benefits the participants, but not necessarily the local component manufacturers. If Dr. Mackintosh is right, the onus must be on the microelectronics makers themselves to improve their competitiveness, with the help of government support and major changes in management structure.

He is far less positive about the EEC Commission's idea of

Communications within a multinational workforce

A TRAINING package aimed at helping supervisors, shop stewards and personnel staff to overcome some of the problems associated with managing a multinational workforce has been put together by the BBC in conjunction with the Runnymede Trust and the National Centre for Industrial Language Training.

The package is called Worktalk and it concentrates on the difficulties of communicating with people from different linguistic and cultural backgrounds. It consists of four films plus a manual for training staff and it tries to explain why misunderstandings sometimes arise between immigrants and indigenous British workers. The films have been recommended by the TUC.

One of them is called "Fred Barker Goes to China" and it envisages a time when unemployment in the U.K. is so bad that Englishmen have to emigrate in order to find even low grade jobs. The film follows the fortunes of a Londoner who goes to China to work as a hospital cleaner. He speaks no Chinese and his knowledge of his host country is based almost entirely on three visits to the cinema in England to see "The Bride of Fu Manchu."

His life as an immigrant worker mirrors the experiences of Asians and West Indians who take jobs in Britain today. What gives the film its punch is the design to make viewers work out why the people on the screen behave as they do.

The manual includes suggestions for role playing exercises and for group discussions. One idea is for people following the Worktalk course to hold a post-mortem on the way in which a chargehand, was appointed in Singh 171.

One section in the manual gives general information on immigration and race relations. It is designed to help training staff give authoritative answers to some of the questions they are likely to be asked by people on the course.

The manual also provides a check list on prejudice towards Asian immigrants which includes such remarks as "They came here because of the terrible poverty in their own country" (wrong—it is only the people from the richer parts of the Indian sub-continent who can afford the costs of emigra-

tion) and "They never say please or thank you" (correct—in some circumstances—because in the Punjabi language there is no direct equivalent of the English "please" and "thank you" and politeness is conveyed by using different forms of the word "you").

The trainers' manual costs £3 and is available from: The people from the richer parts of the Indian sub-continent who can afford the costs of emigra-

BBC 2 in April are available for hire or sale as 16mm films, or for sale only as video-cassettes. Inquiries about the films should be made to: BBC Enterprises, Villiers House, Ealing Broadway, London W5 2PA or telephone 01-743 8000 ext. 394/395. Some management centres, polytechnics and further education colleges will also have the films.

Sue Cameron



CHARITY NEEDS YOUR TRUST

CHARITIES AID FOUNDATION, the leading specialists in the administration of tax-privileged funds for charity, provides unique financial services for private individuals and companies...

- * A trouble-free and, usually, cost-free method of setting up and administering a charitable Trust designed to suit your circumstances. For example—
- * GROWTH TRUSTS—a new way of building up your own charitable Trust year by year out of tax-privileged income.
- * DISCRETIONARY TRUSTS—for those who wish to retain complete discretion during their lifetime over the distribution of income from a capital fund or the capital itself.

OTHER CAF SERVICES
Interest-free Loan Administration. Should you wish to make an interest-free loan for charitable purposes, CAF will carry out the administration, distributing the income to charity entirely tax-free.

Covenant Services. CAF also has long-established covenant services which ensure speedy recovery of income tax for the benefit of charity.

Charity Credits. All account holders can be issued with a book of Charity Credits. Used just like a cheque, they enable you to give when you want, to whom you want. They are by far the most convenient way of distributing money to charity. To find out more, please post the coupon below indicating the booklets you require.

To CHARITIES AID FOUNDATION

48 Pembury Road Tonbridge Kent TN9 2JD
Please send me the following booklets:
THE FACILITIES OF THE CHARITIES AID FOUNDATION - a guide to methods of giving to charity.
TRUST FACILITIES - to help those who wish to give capital to charity.
GIVING TO CHARITY FROM INCOME - a guide for individual donors.
THE BUSINESS SIDE OF GIVING TO CHARITY - a guide for Company Directors.
CHARITY CREDITS - an explanatory booklet.

NAME _____
ADDRESS _____

CHARITIES AID FOUNDATION
Specialists in tax-privileged giving to charity

Pension Fund Trustees

Do you really know how your Fund's investments have performed?

Cubie Wood has published a booklet that gives information about their Investment Performance Monitoring Service. This is a service that provides regular, unbiased information, including a comparison against the rate of inflation to enable an objective judgement to be made on the success of your investment management policies.

Cubie Wood & Co Ltd makes available to its clients the professional advice it receives from its staff of qualified accountants in terms designed to provide a technically sound and comprehensive base for corporate decision-making.

Cubie Wood
Cubie Wood & Co Ltd (Partners)
Nuffield House, Victoria Road, Croydon Surrey CR9 4EB Telephone 01-850 2866

What drives a man to the top?

So the junior sales representative wants the same kind of car as the chairman?
No problem.
Take a look at the Vauxhall range in detail.

First the VX Series. A range of cars that combine an air of opulence with startling performance and luxurious passenger comfort. In other words, a certain boardroom quality.

Next the Cavalier. One of the most beautiful cars of the decade. And a sheer delight to drive. It's the kind of package that high-flying executives find irresistible.

Then there's the Chevette. The original British hatchback is now available in saloon and estate form. So there's a Chevette for almost any job you can think up.

And last but not least, the incredibly practical, economical, indomitable Viva. Like the Chevette, it's in the under-1300cc class, so company car users will enjoy minimum tax liability.

And all Vauxhalls are protected by a unique 11 stage body protection treatment, underbody seal, and 12 month unlimited mileage warranty.

To find out how many Vauxhalls your budget will stretch to (a pleasant surprise, we expect), call Fleet Sales Division, Luton (STD 0582) 21122 Ext 4160 or 4465.

What drives a man to the top? In many companies it's a Vauxhall.

VAUXHALL
Our cars are as complete as our range.



THE FINANCIAL TIMES

Incorporating THE FINANCIAL NEWS

Head Office Editorial & Advertisement Offices: BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3DF

For Share Index and Business News Summary Ring: 01-246 5026

TUESDAY, MARCH 22, 1977

The Liberal choice

THE SUPPORT which the Labour Government received from the nationalist parties while there was still a chance of pushing through early legislation on the devolution issue has disappeared since it became clear that there is not a majority in the present House of Commons in favour of devolution as far-reaching as the Scottish Nationalists, in particular, demand.

The assurances on specific measures which Mr. Steel has mentioned are probably not the main stumbling-block. Some such as direct elections to the European Parliament with some kind of proportional representation—might be passed through Parliament. Others—such as legislation about industrial democracy along Liberal lines—would not be pushed in practice, simply because they would not command a majority in the present House.

Open commitment A much more serious problem for Mr. Callaghan lies in Mr. Steel's demand that the Government should not only change course during the remaining period of this Parliament but should make an "open and public" agreement to do so.

New gains for the French Left

THE FINAL RESULTS of the French municipal elections have produced another severe shock for the divided coalition Government of President Valéry Giscard d'Estaing. Instead of rallying to the Government, as French voters often do in the second round of polling, the electorate has moved even further to the Left than in the first round one week before.

Red threat Once again the results of the second round have underlined the unity of the left, as against the bitter feuding that has raged inside the governing Coalition in recent weeks and months. One of the most striking features was the way in which Socialist supporters switched their votes en masse to Communist candidates, and Socialists to Communists, when their own party stepped down to ensure a left-wing victory.

Mrs. Gandhi's day of reckoning

BY DAVID HOUSEGO • New Delhi, March 21

INDIANS ARE still overwhelmed by their first election to result in a national defeat for the Congress Party which steered the country towards independence and has ruled it ever since. The outcome ended 19 months of emergency rule and demonstrated that the villager and the urban slum dweller in a country of 830m. can still raise his hand in defence of his rights and win his cause. It has humbled Mrs. Indira Gandhi, a Prime Minister who only a few months ago seemed an immovable feature of the Indian landscape.

To a prominent lawyer here in New Delhi the vote represents



sents "the largest ballot box revolution in the history of the world." There may be a good deal of exaggeration in that, but it is part of the euphoria that today runs through the opposition. The scale of the success of the Janata Party and of Mr. Jagjivan Ram's Congress for Democracy in bringing about this sea-change in only a few weeks' campaigning means that no other Indian politician for a long time to come is going to risk repeating Mrs. Gandhi's type of dictatorial rule.

Different views But he has, of course, the interests of the Liberal Party to consider as well, a party which is itself by no means monolithic. There will be different views within the Parliamentary Party, as well as within the Party as a whole, about whether the Liberals can best exercise and demonstrate their importance by influencing (if mainly in a negative way) the policies of a minority Labour Government or by bringing that Government down, about whether they have more to gain from an immediate general election or one in some months' time. Mr. Steel cannot afford, however, given the growing scepticism of the electors about all political claims, to have forgotten altogether by Wednesday the demand he made only three days before. Mr. Callaghan will have to make his followers accept some form of words adequate to meet that demand if he wishes to count on Liberal support.

prove an increasing strain and a factor for instability.

Mr. Jagjivan Ram is, paradoxically a disappointed man. More than any other person in the Opposition he was responsible for rousing public opinion against Mrs. Gandhi across the Hindi belt in northern India, in the hope that his Congress for Democracy would provide the pivot for reuniting the Congress Party under his own leadership. As it turned out his campaign was almost too successful. The Janata Party has been strengthened to the point where he will play second fiddle to Mr. Morarji Desai, its leader, while leaving the Congress a pitiable rump after its domination of the previous Parliament. Skilful politician that he is, Mr. Ram could still out-manoeuvre Mr. Desai and later recapture the premiership which has long been the goal of his political career.

The leading members of the Janata Party seem at first sight strange bedfellows. Mr. Desai was a former Deputy Prime Minister under Mrs. Gandhi, an intellectual of strong moral views, a champion of prohibition who lives simply and expects the same virtues and self-discipline of others. His reluctance to compromise has often brought him into conflict with his colleagues in the past.



He is associated with right-wing capitalism and was accused in the past by Mrs. Gandhi of opposing the nationalisation of the banks. After spending several years in the political wilderness, including 18 months of gaol during the emergency, he has mellowed and become an astute politician in the bargain, in the view of most of his colleagues. Numerically Mr. Desai's dissenting Congress group in the Janata is far outweighed by the Jana Sangh. It has by far the largest Parliamentary membership in the Janata Party though the exact numbers are not yet clear. It was founded in 1952 as the political offspring of the RSS. Throughout the 1950s and 1960s it championed Hindu nationalism. Thus it advocated India's obtaining a nuclear bomb, supporting military conscription, pressed for war against Pakistan, and sought Indian dominance over South Asia. The Jana Sangh was anti-Communist and anti-Socialist and resentful of the intrusion of multi-nationalists.

The party was once described as being "authoritarian to the point of Fascism." Its supporters are principally drawn from among shopkeepers, minor civil servants, and the owners of small businesses. Under the recent leadership of Mr. L. K. Advani and Mr. A. Vajpayee, its stance has moderated to the point at which even Muslim leaders have said that it is not a communal organisation. But it is still difficult to know how far it has trimmed to achieve a wider base and a foothold on power, and how much there has been a genuine change of heart. Equally difficult to assess will be the influence on it of the released members of the RSS. It will certainly need to tread warily if it is to remain in the mainstream of Indian life.

Finally, the smallest following in the Janata is that of Mr. George Fernandes's Revolutionary Socialist Party which until the labour agitation in northern India of 1973-74 was confined almost exclusively to West Bengal and Kerala. Mr. Fernandes contested his Bihar constituency from gaol and won handsomely.

All these differences of outlook can be patched over as the party sets about its high-minded goal of restoring clean Government and undoing the misdeeds and the constitutional damage of the emergency. Its unity will be put to the test, however, when it is up against the far tougher obstacles of maintaining the cohesion of the country, putting to right the backlog of economic problems and containing the expectations unleashed by its victory.

No previous election has resulted in so sharp a split between the Hindu-speaking north and the Dravidian heartlands of the south. While the north turned its back on Congress which has been the party of the south, the south gave Mrs. Gandhi its support, though Tamil Nadu in particular has long chafed under the tight control exerted from Delhi. The Janata party thus has on its hands a problem: its meeting the aspirations of the south—and of Tamil Nadu in particular—for greater regional autonomy while knitting it into the union. Patronage and the offer of



Mrs. Indira Gandhi

government jobs to key local figures have been the traditional means of walking such a tight rope in the past.

But the economic problems of the months ahead are a more serious difficulty. Mrs. Gandhi glossed over them in her attempts to demonstrate the benefits of emergency rule. Inflation is already running at about 12 per cent. on an annual basis. The rate is likely to worsen as a result of the concessions offered by Congress in the closing stages of the campaign, in the form of increases in bonus payments to workers and cuts in the land tax. Industry expects a rash of wage claims after an almost two-year freeze. Workers have regained the power to back up their demands with strikes, at

resources to rural development have been the traditional means of walking such a tight rope in the past.

There has been much talk of reviving cottage industry to help the small-scale increase production, and more roads, schools, and tin canals as a way of income and employment. There is much sympathy among business long-term goals. The great weakness of the economy as being the strong domestic because the purchasing of the rural areas like is a long-term view, and the transition from rural development with great skill.

Equal skill will be to remove the stigma of family planning, which did show signs of a dent in the poverty of India, but in the present euphoric, doubts about the stability of the country being forgotten. All the the saris and the cooki sills dished out by Congress in an attempt to buy votes for nought against the of popular sentiment. Even those who concede that the country a protracted period of it and probably turmoil it as something that faced if democracy is firmly implanted. As Gandhi, she is being credit for having r elections fairly. The be time later to assess "Indira decade."

The new administration will face a heavy demand for resources from industry, both to give new impetus to growth and to bail out sectors which are in difficulties, such as textiles and steel. Yet the inclination of the Janata party is to devote more

MEN AND MATTERS

Buggins's turn at the NEB

How reassuring. Now Lord Ryder's National Enterprise Board is to have ultimate charge of keeping Big Ben going, to say nothing of the astrological clock which graces the front of Bracken House, the Financial Times building.



"Presumably hoping to put the clock back!"

This surprising extension of the NEB's powers emerged yesterday when the Board announced it was injecting £240,000 into Thwaites and Reed, the Sussex-based clock making and maintaining company, in return for a 90 per cent. equity stake. It should make a welcome change from worrying about motor cars, but why should the NEB be getting involved at all with what it described as "this historic and internationally renowned company?"

and its Big Ben bell which got into severe trouble last year. The clock is now striking the hours again, but the Westminster Chime mechanism is still under repair. Thwaites said yesterday that it expects to re-install all the works next month. The company's own difficulties came in the early 70s when control passed after more than 100 years from the Buggins family to an investor who took it into the trendy clock trade.

The family re-purchased control two years ago, but it appears to have been a struggle for survival since. The NEB investment will enable Thwaites to do deeply into the domestic market at home and overseas, and \$75,000 will be spent on new equipment enabling the company to make its own movements for the first time. This, the NEB hopes confidently, will lead to a valuable bit of import substitution.

Apparently, Thwaites is different because its capital base has been too small and the group seemed in danger of going under. It started life in 1740 and to-day has 700 service contracts for maintaining public clocks. The most famous responsibility is the Grand Clock of the Palace of Westminster

Irish queries (1) Heaven forbid that anything so pleasant as holidaying in Ireland should be regarded as an up

exact science, but Irish officials seem to have spent an inordinate amount of time compiling somewhat odd surveys on the business of tourism in their country.

In London yesterday Tom Fitzpatrick, the republic's 59-year-old Minister for Transport and Power, who has responsibility for tourism talked reassuringly about some research conducted by the Irish Tourist Board on the attitudes of the natives to visitors. These have consistently shown the British "out in front," he claimed.

How nice, and the obvious supplementary is who did they like least? Fitzpatrick's advisers declined an answer, they did say that the Americans came second and Continentals in general third.

Fitzpatrick was hating the drum for a drive to persuade more Britons to cross the Irish Sea this year. Most of the visitors in Ireland do come from the UK, but the actual figures he had left the rates in so no do contain a small trap. Last year, the Irish were pleased to welcome 785,000 from Britain —but 500,000 of them were either Irish or of Irish origin anyway.

Whether such abstruse surveys are valuable or not, the Irish are confident that ties of friendship and the kinship of a common battered currency will push up the number of visitors this year. And to back the tourist board's efforts,

100 Irish people involved in the business, from a charming lady with a guest house in Bantry to Dublin car hire owners, are now on the stump round Britain meeting travel agents and the like to try and ensure the 1977 season goes well.

... and (2)

Minister Tom Fitzpatrick wished the Irish tourist mission well at a lunch in a London hotel yesterday, which seemed to me the right sort of occasion to ask for Irish jokes of quality (and preferably ones relating to holidaymakers). Contributions were not terribly inspiring, but this was the best:

A visitor was driving his car through Ireland when he came to a railway level crossing. The gates were neither completely open nor completely closed. Preferring to be safe than sorry, the motorist waited for quite a while, then finally sought out visitors in Ireland and asked why the UK, but the actual figures he had left the rates in so no do contain a small trap. Last year, the Irish were pleased to welcome 785,000 from Britain —but 500,000 of them were either Irish or of Irish origin anyway.

Try harder

A nice line in criticism of Government from Tony Baker, chief actuary of Royal Insurance and his colleague Norman Graham. In a paper read last night to the Faculty of Actuaries, they discuss the Insurance Companies Act 1974. They take polite issue with "the direct matching of market values of assets against liabilities valued on a net premium method," adding cryptically: "If an actuarial student were to recommend this approach in an examination paper we seriously doubt whether he would pass."

Observer

Banking

ONE of the Accepting Houses is to appoint a Banking Director to take overall charge of banking operations.

ACCOMPLISHMENT and high personal standing stemming from broad experience in banking are the criteria.

TERMS are for individual discussion in excess of £30,000.

Those to whom this appointment would be of interest are invited to write in complete confidence to G. W. Elms who has been retained as adviser to the Bank.

FYZACK & PARTNERS LTD 10 MALLAM STREET LONDON W1N 6DJ 42 CHARLOTTE SQ EDINBURGH EH1 4DN

هكرا من الاصل

FINANCIAL TIMES SURVEY

Tuesday March 22 1977

J.P. Riddell

Corporate Finance

The corporate sector has recently seen better times, with recovery in profits and low demand for money because of continuing limited business activity. But the rise in profits has been smaller than expected, and allowing for inflation there has been only a limited improvement since early last year.

FINANCIAL position of industrial and commercial companies has improved considerably in the past couple of years, and is expected to remain healthy in 1977. But one of the reasons for this is that activity is expected to grow this year, and only a little faster in 1978, hence the demand for finance. There has been worrying about the cost of maintaining stock levels current rate of inflation, turnaround in company profits since the tight squeeze of 1974 reflected the on and related partial fall of the commodity prices of the early 1970s, as well as specific Government action. Thus between 1974 and 1975 the amount required to finance merely to finance appreciation declined from £4.1bn. and there was a £1.2bn. rise in the value of physical stocks to a reduction over the two

figures only go up to the end of the third quarter and the trend is not easy to distinguish. Thus, a surplus in the first half of the year of £326m. for industrial and commercial companies was followed by a deficit of £317m. in the third quarter. It is still not entirely clear what happened but there may have been exceptionally heavy investment in the North Sea, not allowed for in the seasonal adjustment process, and some analysts believe the profits figure may be revised upwards. Consequently estimates from brokers Phillips and Drew, for example, point to a corporate surplus of £600m. in 1976, compared with original projections of more than £1bn.

Profits

The improvement in the financial position of the corporate sector, and the slight check in the third quarter, has largely reflected movements in profits and in stocks. Thus on the Phillips and Drew estimates, U.K. trading profits (excluding North Sea oil) are estimated to have increased by a quarter last year to £12.5bn, with income from abroad up between 35 and 40 per cent in 1976. Meanwhile, there has only been a small rise in both tax payments and dividends, though the rundown in the level of physical stocks has been smaller and stock appreciation has risen further because of inflation.

Indeed the larger than anticipated impact of inflation on company finances is shown by the fact that during the fourth quarter the book value of manufacturers' and distributors' stocks jumped by a record £2bn.—an eighth more than in the third quarter. And this was at a time when the physical volume of raw materials and fuels was

stock appreciation and the cost at replacement cost of capital consumption. Indeed profits net of stock appreciation have shown only a small rise since 1975, while net of capital consumption the proportion of profits in net domestic income were lower in the third quarter than in any quarter of 1975.

and for companies heavily engaged in exporting where greater profits will provide an encouragement to further investment. Phillips and Drew, for example, projects a rise in U.K. trading profits of 20 per cent this year to £15bn., and of 15 per cent in 1978, while profits from North Sea activities are

projected to increase from £300m. in 1976 to a surplus of £1.2bn. this year and of £3bn. next year. The revision downwards of previous profit estimates and the demands made by inflation inevitably raise a question mark about the projections. Indeed it is only in the context of a fairly flat trend of overall private fixed investment and a limited rise in physical stocks levels that the corporate sector's financial position is expected to remain healthy. And this will owe an increasing amount to the impact of profits from the North Sea.

Moreover, the level of issues of equity capital via rights offers is, of course, far more dependent on stock market conditions than necessarily on the short-term demand for new equity to reduce financial gearing. Thus the rights issue boom of 1975 and 1976 reflected in part a pent-up demand over the previous two years.

The total amount raised by equity issues in this period was about £1.3bn. and most estimates have been assuming — though in practice it is little more than a guess — that the amount raised over the next two years will be much less. After allowing for this and the expected rise in the corporate surplus, it is possible that the net short-term indebtedness of industrial and commercial companies will continue to decline. The recent banking and monetary figures have suggested that demand for bank loans from industry remains slack.

On the other side, industry's deposits of cash and their equivalent has increased — by a somewhat larger amount than borrowing — reflecting in part the depositing of some of the overdrafts drawn as a precaution last autumn. The increase in both deposits and borrowing at the same time also reflects the varying financial position of different companies. Against this background of a relatively healthy corporate sector financial position and a slack demand for funds, the debate on the provision of finance for industry had been easing off to some extent. Both the recently expanded and new institutions — Finance for Industry and Equity Capital for Industry — are at work. But the issue has come to the fore again with the Wilson Committee's investigation into the City's provision of finance for industry.

Quiet improvement

By Peter Riddell, Economics Correspondent

still declining. Although there are hopes that the more stable trend in sterling will offset some of the impact of the recent increase in commodity prices, any pick-up in stockbuilding — unlikely in the immediate future — could make large demands on cash.

The limited nature of the underlying recovery in profits was brought out clearly in last week's Bank of England Quarterly Bulletin. This pointed out that while gross trading profits of industrial and commercial companies during the first nine months of the year were about 19 per cent higher than in the same period of 1975, the increase was only 13 per cent, after allowing for

proportion was 4.2 per cent compared with 10.4 per cent in 1972 and 12.9 per cent in 1985.

The Bank suggests that profits were no doubt depressed partly by stagnant domestic production and, in the third quarter, by the setback to exports. And while there was a distinct improvement in the fourth quarter, some of this probably reflected the profits of companies engaged in North Sea oil activities. The Bulletin warns in its analysis of prospects that profits may show little growth except for groups involved with the extraction of North Sea oil which are now beginning to see a return on their investment,

projected to increase from £400m. to £1.9bn. in 1977 and £3.5bn. next year.

On the other side of the picture, profits due abroad are expected to increase. And despite the possibility of a smaller amount needed for stock appreciation, the turnaround into physical stockbuilding and recovery in investment are likely to mean that the published corporate sector surplus increases to only about £1.6bn. this year, and £2.6bn. in 1978. Phillips and Drew suggests that this figure should be adjusted for profits due abroad and investment by U.K. companies. In this case, the trend of the corporate financial position would be from a deficit

for 1976 and £1.8bn. this year.

The next step of translating this analysis into projections of the demand for bank and other external finance is more difficult both because of investment inside and outside the U.K. and

foreign exchange market, the unwinding of these leads and lags may hold in check the rise in bank lending to industry.

Depositing

On the other side, industry's deposits of cash and their equivalent has increased — by a somewhat larger amount than borrowing — reflecting in part the depositing of some of the overdrafts drawn as a precaution last autumn. The increase in both deposits and borrowing at the same time also reflects the varying financial position of different companies.

Against this background of a relatively healthy corporate sector financial position and a slack demand for funds, the debate on the provision of finance for industry had been easing off to some extent. Both the recently expanded and new institutions — Finance for Industry and Equity Capital for Industry — are at work. But the issue has come to the fore again with the Wilson Committee's investigation into the City's provision of finance for industry.

National Westminster Bank Ltd.

Over 3,000 branches in England, Wales and Scotland.
Overseas Branches of the International Banking Division in the U.K. in:
London, Birmingham, Bristol, Leeds, Liverpool, Manchester
and offices in the following centres overseas:

Bahrain · Chicago · Hong Kong · Houston · Los Angeles · Madrid · Moscow · New York · Piraeus
San Francisco · Singapore · Sydney · Tokyo · Toronto · Vancouver

International Westminster Bank Ltd.

Offices in: Antwerp · Bordeaux · Brussels · Frankfurt · Hamburg · London · Lyons · Marseilles · Nantes · Nassau · Nice · Paris

The National Westminster Group also includes:

Centre-file Ltd.

Computer Services.

County Bank Ltd.

Merchant Banking.

Coutts & Co.

Personal and Commercial Banking, and other financial services.

Credit Factoring International Ltd.

U.K. and International factoring service.

Eurocom Data (Holdings) Ltd.

Computer output to microfilm.

Isle of Man Bank Ltd.

Commercial banking in the Isle of Man.

Lombard North Central Ltd.

Banking, credit finance and leasing in Great Britain. Subsidiary companies in Australia, New Zealand, Cyprus and Malta.

National Westminster Bank Finance (CI) Ltd.

Channel Islands based deposit-taking institution.

National Westminster Insurance Services Ltd.

Incorporated Insurance Brokers.

National Westminster Unit Trust Managers Ltd.

Unit Trusts.

Ulster Bank Ltd.

Commercial banking in Ireland.

Ulster Investment Bank Ltd.

Merchant banking in Ireland.

And you thought NatWest was just a bank.

National Westminster Bank Group

The City and its critics

The City of London and its institutions find themselves under attack and criticism from several directions at the moment. The City Corporation itself, with its traditional panoply, has been the target of moves to abolish the special form of local government which exists in the Square Mile. The institutions and their representatives are concerned over the implications of the Bullock report on employee representation, arguing that its proposals would among other things make it more difficult and more expensive to raise funds for investment. And the whole issue of finance for industry remains a major topic of debate and argument.

Planks

This issue and the alleged failure of the City to meet industry's needs formed one of the main planks of the arguments put forward by the proponents of nationalising the Big Four banks, plus one merchant bank, and the top seven insurance companies. And it is to form the first main topic of investigation by the Wilson Committee in its look at the workings of the City, with the expectation that an interim report will be brought out fairly quickly on this specific topic before the committee moves on to broader issues. There is perhaps some regret in the City that the issue is being handled in this way; it is suggested that the committee will to some extent be going over ground which has already been covered several times, including the activities of the Roll Committee set up by NEDC last year to examine finance for investment.

There is also some anxiety that the outcome could be merely the recommendation of establishing yet another specialised institution to add to the resources available to industry, which coming on top of the expansion of Finance for Industry and the creation of Equity Capital for Industry some people feel would not get to the root of any problem which may exist. Nevertheless, there is no doubt that the City institutions are taking the issue and specifically the Wilson investigations seriously. A good deal of work is going into the preparation of submissions and evidence for the committee by the banks, the insurance companies, the Stock Exchange and other City associations, and there is no doubt that the material should be available to enable Sir Harold to produce the fundamental and lasting review which is his intention.

The basic debate over the questions of finance for industry has already been running for some time in public in the context of the nationalisation proposals. The document produced by the Labour Party National Executive Committee set out a number of reasons for its proposals. These included unfavourable comparisons with the performance of the banks and investing institutions in other countries, particularly W. Germany; the degree to which the available funds are concentrated in a relatively small number of institutions and the "massive amount of financial power" which they consequently wield; and the argument that the relatively poor investment performance of British industry could be traced directly to the weaknesses of the financial system and the availability of finance.

The key to success, the document argued, "lies in developing a publicly owned stake in the very areas of the financial system where critical investment and lending decisions are made; the banks and the insurance companies. This is where our competitors have stolen a march on us, with specialist publicly owned financial intermediaries."

The City has mounted a vigorous counter-attack, even though it seems clear that at present there is little likelihood of the proposals being adopted by the Government. The moves by the banks have included, for example, a number of surveys conducted in an effort to demonstrate that the idea is not generally acceptable to either staff, customers or the public at large.

The bank chairmen have returned to the attack in their annual statements this year. Sir Eric Faulkner at Lloyds, for example, stressed the responsibility of the banker towards his depositors and the potential danger of state direction of funds. At Barclays, Mr. Anthony Tuke underlined the evidence that nationalisation was not generally popular, the Wilson investigations arguing that the support came seriously. A good deal of work is going into the preparation of submissions and evidence for the committee by the banks, the insurance companies, the Stock Exchange and other City associations, and there is no doubt that the material should be available to enable Sir Harold to produce the fundamental and lasting review which is his intention.

Support

Their view has gained some support from their industrial customers. At the Institute of Bankers' Cambridge seminar last September, for example, Mr. J. Campbell Fraser, managing director of Dunlop Holdings, gave a considered paper on the subject. He did not absolve the City from criticism and recognised that there was room for improvement. But he stressed that the availability of adequate finance would not in itself generate a higher growth rate in the economy (though its absence could restrict growth). And he argued that any reforms of the structure "should be careful to avoid any course of action which would be detrimental to its many good points."

Nevertheless, it is clear that there remains some general unease about some aspects of the way in which finance is organised. Part of the background to the recent debate can be traced back to the experience of 1974 when the financial resources of industry were very seriously squeezed, through the pressure on the company sector's internal generation of funds and the lack of availability of new funds from the capital market. The situation has improved substantially since then, as a result both of tax relief given to the company sector and the general recession in economic activity. But at the same time, there have also been some important moves to provide different forms of outside finance.

They have included the substantial increase in the resources available to Finance for Industry, and the more recent establishment of Equity Capital for Industry. This new institution had a difficult birth and has been apparently slow to get under way, but it was reported earlier this year that it was looking at about 20 applications for funds and more recently it has been suggested that the institution may soon make its first investment.

In the banks themselves, probably the most important moves have been the substantial increase in the amount of medium-term credit being provided to industry, even in a period when the overall loan demand has been slight, making the best use of various kinds of financing.

The real test of ability to meet industry requirements may, however, when the recovery becomes moving and the revival of investment begins.

Michael

State aid still substantial

AID TO INDUSTRY has been one of the relatively few areas of Government spending which Ministers have tried to safeguard in their recent attempts to pare down the burden of public expenditure. Some savings have been made—such as by abolishing the Regional Employment Premium, changing the basis of payment of Regional Development Grants, and by persuading the clearing banks to carry rather more of the burden of refinancing fixed-rate export and shipbuilding credits. But these reductions have been partially offset elsewhere—by increased incentives for industrial investment and by further measures to alleviate unemployment.

In all the total provision for Government support to industry, trade and employment next year is officially predicted to decline to about £2.6bn. net from this year's £3bn. net (both figures at 1976 survey prices). This will still be equivalent to about 4 to 5 per cent of total public spending and about 3 to 3 per cent of the Gross Domestic Product.

Part of this sum will be spent on what might be described as "back-up" services such as export promotion, industrial training and other labour market services. A further slice has been devoted to the job creation programme, the temporary employment subsidy and other presumably temporary measures by which the Government hopes to moderate the impact of unemployment during the recession.

But even if these items, payments to nationalised industries, and administrative costs are excluded, the total for industrial

aid as such—in other words, cash payments—is still likely to come to about £1.2bn. next year as against £1.5bn. this year. In real terms this will still be almost double the amount which was being spent annually at the beginning of the 1970s (after allowing for the switch from investment grants, which were counted as public expenditure, to tax allowances, which are not).

This considerable expansion in the provision of State financial aid for industry began in the 1960s, was taken further by the Health Government's Industry Act 1972 and has been increased yet again under the present Labour administration. It applies both to regional aids and to more general support for industrial investment and innovation.

In recent years two other developments have also become apparent. First, there has been a gradual shift away from earlier post-war governments' habit of concentrating their general support programmes on a few favoured sectors of high technology, such as aerospace and nuclear power. Secondly, increasing emphasis is being placed upon selective assistance involving a measure of Ministerial discretion as distinct from non-selective assistance paid on the basis of certain standard criteria.

The first development can only be welcomed. If there is a case for Governments using taxpayers' money to provide financial support for industry, then it is hard to see why aerospace and nuclear power should be privileged and more basic industries (like ferrous and non-ferrous foundries, machine tools, printing and textile machinery, wool textiles and some of the others—for which section 8 industry schemes have been arranged since 1972) should be ignored.

But it remains to be seen whether the new more catholic approach will be any more successful than the old. Accord-

ing to one study by a senior economic advisor at the Department of Industry, only £150m. of the £1.5bn. (at 1974 prices) which was devoted to Government launch aid for civil aircraft and aerospace projects between 1945 and 1974 was recovered. In the earlier post-war years, a measure of support could perhaps have been justified on "infant industry" grounds. Again, in the early 1960s some support could be justified as a dowry for the enforced mergers of that time.

But even when one takes the amount of support provided on apparently commercial grounds, one finds that only £90m. of the total of £150m. was recovered. Only one "commercial" project—the Viscount aircraft—yielded a surplus for the Government and that surplus was insufficient to provide a reasonable allowance for interest.

Section 8 sectoral schemes are of course not on the same footing as aerospace project-launch aid. But only time will show whether they will facilitate a lasting competitive improvement by the firms and industries that are being aided under section 8.

Judgment also has to be suspended at this stage on the gradually increasing resort to selectivity and away from automaticity. The abolition of the Regional Employment Premium was certainly a worthwhile move. All the available evidence suggests that it was considerably more expensive per job generated or preserved than the various forms of regional investment incentives.

Up to a point a case can be made for placing more emphasis upon selective assistance under section 7 of the 1972 Industry Act and for the selective approach of para-governmental agencies like the National Enterprise Board and the Scottish and Welsh Develop-

ment Agencies. In theory, grants and loans provided through these instruments should be more cost-effective than automatic payments such as the Regional Development Grant. Up to a point, too, the administrative burden of selective assistance can be eased by offering interest relief grants and thus by relying upon private sector institutions to undertake the task of project appraisal and shoulder the major financial risk.

But if the object of all these schemes is to help generate a more rapid rate of economic growth, then one has to express considerable scepticism. Comparisons of the nature and scale of State financial aids to Europe and within the industrialised world generally do not reveal a causal link between industrial policy and economic growth. For instance, the West German economy, with little government intervention, and low levels of State financial assistance, has grown at broadly the same rate as the French where the government intervention and financial assistance have both been much greater.

If the success of industrial policy should be measured by more limited objectives—such as in terms of employment, regional balance, export competitiveness or import saving—then again there is a case for scepticism. On the one hand, there is some evidence to suggest that regional imbalances would have been greater in the absence of regional policy measures. According to some Department of Industry analyses, regional policy has probably helped to generate an additional 300,000 jobs in the assisted areas in the last ten years, partially offsetting the 450,000 or so jobs which have been lost in these areas' staple industries. On the other hand, there is an ever-lengthening list of instances where intervention has resulted in a loss of public money.

Williams & Glyn's knows that businesses need bank managers who understand business

When inflation changed the rules of financial management, it also changed the relationship between companies and their banks. Today companies look to their banks as never before for co-operation and advice.

So Williams & Glyn's encourages its managers to go out and visit customers on their home ground. In this way, the managers obtain a first-hand understanding of the business that no balance sheet could ever give them.

You'll find Williams & Glyn's is more alert in other respects too. We can give you a decision, even on a major proposition, more quickly because there is no elaborate hierarchy within the bank to delay it: the chain of command is short and direct. Wouldn't you like a bank that understands the way we live now?

Call in at your local Williams & Glyn's branch. Or write to: Marketing Development Office, Williams & Glyn's Bank Ltd., New London Bridge House, 25 London Bridge Street, London SE1 9SX.

Five ways to more profitable business

- 1 Development Capital**
Through an Associate Company, Williams & Glyn's can provide finance for expanding private and public companies.
- 2 International Equipment Leasing**
Our leasing subsidiary offers flexible, competitive packages for exports of British manufactured capital equipment plus tailored leases for capital investment in the UK by major companies.
- 3 Mergers and Acquisitions**
Our merchant banking company can work with you to negotiate terms or defend unwelcome bids.
- 4 Certificates of Deposit**
Quotations are obtainable from any branch based on the latest London market rates.
- 5 Pensions**
Williams & Glyn's consultants can help in the design and operation of Group and individual Pension schemes.

WILLIAMS & GLYN'S BANK LTD

The most flexible of the big five banks

A member of the National and Commercial Banking Group and one of the Inter-Alpha Group of Banks

Inflation accounting

IN MANY WAYS the present combination of historical cost accounting and valuable tax concessions in areas like stocks and investment in new fixed assets is very attractive to industry. Because of inflation, profits appear to be very high, boosted by stock appreciation and the inadequacy of depreciation provisions. This could make companies vulnerable to wage demands, but they are at present protected by Government policy on this front. It could also lead to companies being squeezed by price controls, but here again the Government has introduced a substantial measure of allowance for inflation into the Price Code.

So it is not surprising that many industrial companies are unenthusiastic about the proposals by the accounting profession to introduce current cost accounting. Requests by the Stock Exchange for quoted companies to indicate the effects have received a poor response (though there have been some honourable exceptions).

Companies ask what possible advantage there could be in producing much lower profit figures on the inflation-adjusted basis, which according to brokers Phillips and Drew will reduce pre-tax profits by about half compared with the historical cost calculations. Such revelations could only upset the stock market, bankers and creditors without changing any of the real facts about company performance.

Claim
This is assuming, of course, that managements are already fully versed in inflation accounting for internal purposes and are adapted to the operational impact of inflation. When asked, managements naturally claim this, and add that in any case the market, and not the dictates of inflation accounting, determine what prices they can charge.

Taking the argument to an extreme, the chairman of Glynwed, Mr. Leslie Fletcher, suggested in a recent letter to

the Financial Times that current cost accounting could damage the export drive. Companies might be reluctant to continue to export if this showed a loss after "some very theoretical adjustments."

How theoretical those adjustments are, of course, is something that lies at the root of the matter. The accountants argue strongly that accounts must make adjustment for inflation if their usefulness is not to be sharply eroded. The continued publication of historical cost figures during the past few inflationary years has coincided with a sharp downgrading of the stock market valuation of earnings—partly the result of dividend controls but also of a deep suspicion of the quality of those earnings. As for company managements, it is by no means clear that they are as conscious of all the implications of inflation as they might be.

In any case, the wheels of inflation accounting, though grinding slowly, are moving towards some sort of conclusion. After the abortive provisional standard SAP 7 produced by the accountants in 1974 and the Sandilands report in 1975 the Morpeth steering group produced its exposure draft late last year.

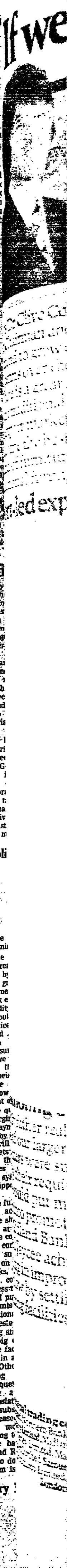
These proposals—embodied in ED 18—are open to a six-month period of debate. The definitive accounting standard will probably appear early next year. A considerable amount of uncertainty is at present surrounding the Morpeth proposals, with many calls for changes. But as things stand the CCA system should become mandatory for listed and large unlisted companies for accounting periods starting on or after July 1, 1978, with later dates for various categories of other enterprises.

This is rather later than the targets set by the Sandilands Committee, and the first major batch of CCA accounts will not come until calendar year companies report for 1979—that is, in the spring of 1980. Perhaps then inflation will be red. On the other hand, companies like Becton, Glaxo and Marks and Spencer will still

soon to be considering the potential implications—and the Stock Exchange is again seeking to hurry things along by asking listed companies to publish, during the intervening years, unaudited ED 18-type profit and loss and appropriation accounts on a supplementary basis. It will be interesting to see how many companies continue to find excuses for not complying with this request.

Discounted
The overall level of share prices is probably not vulnerable to the introduction of CCA. Although the average price-earnings ratio might double, this would still leave p/e at quite a modest level in comparison to what they used to be in less inflationary days five or ten years ago. In the aggregate, inflation has probably been discounted. But this may not be at all true of individual sectors and companies.

For instance, Draw for instance, have listed a number of major companies which on their estimates could be making losses on a current cost basis. The sequestrating paper and ten of the industries are all badly hit. Companies like Courtauld, Carrington, Virella and Tubac are likely to be in the red. On the other hand, companies like Becton, Glaxo and Marks and Spencer will still



Handwritten signature or mark in a box at the top right of the page.

"We intend to grow at 10% a year. If we do our homework, Midland Bank Group backs us to the hilt"

-Dr Clive Cohen, Chairman and Managing Director, Jaycee Furniture Limited.



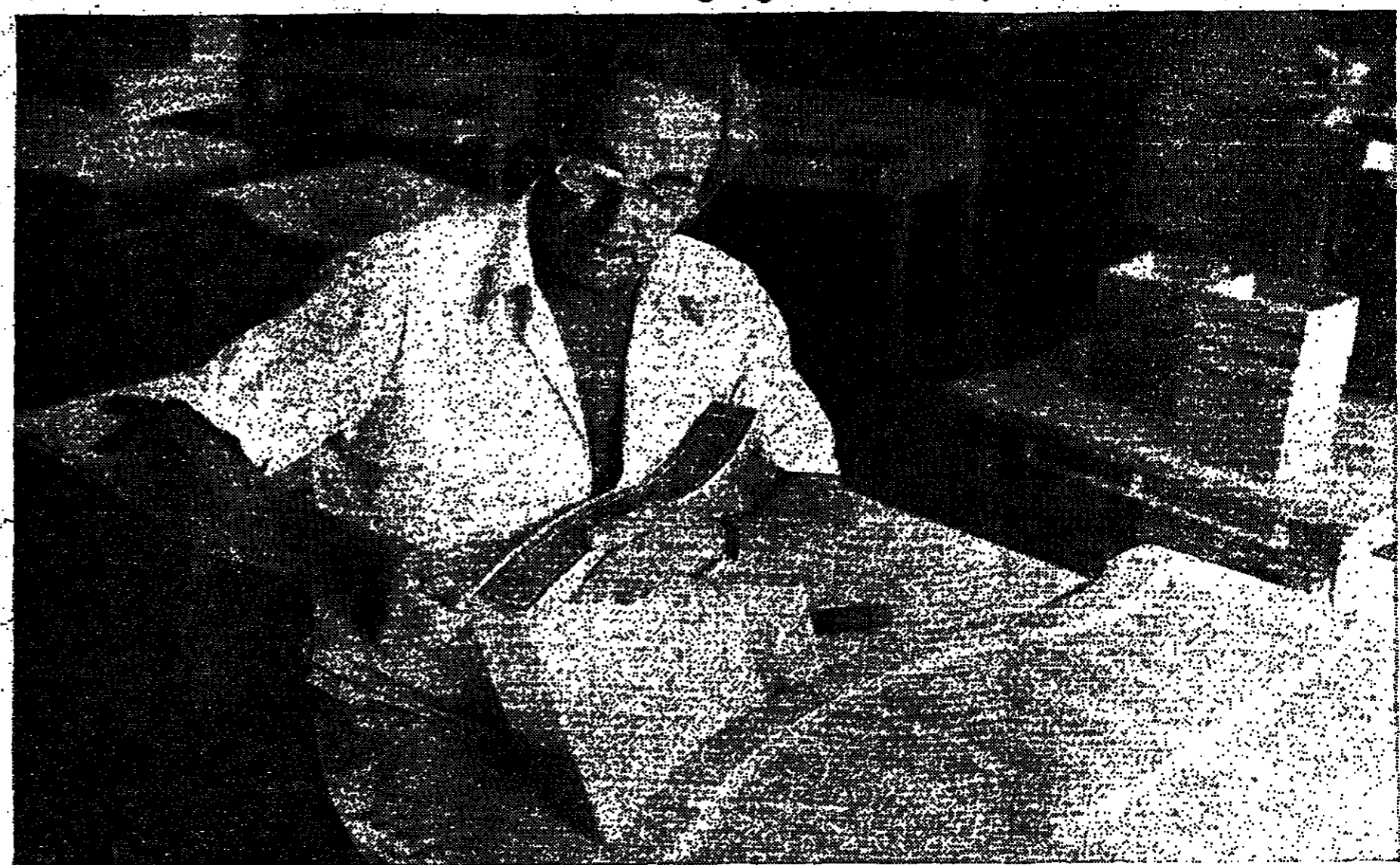
Dr Clive Cohen, Chairman of Jaycee Furniture Ltd.

Says Dr Clive Cohen, the company's young Chairman and Managing Director: "We intend to grow at the rate of 10% a year in real terms over the next five years.

"There is a great feeling for the English style and traditional English craftsmanship in our export markets. What we really want is to become the best-known producers of this kind of furniture in Europe, the name for traditional furniture."

Export-led expansion

Expansion for Jaycee has always been export-led. Their Tudor, Jacobean and Regency



Jaycee products are made in the traditional way.



The top professional people in Jaycee's top jobs. Left to right: B.K. Matthews, Manufacturing Director; C. Cohen, Managing Director; J. M. Finsen, Sales Director, and J.R. A. Wallis, Finance Director.

style cabinets, tables and chests are in demand throughout Europe, America, and even as far as Japan. They won a Queen's Award for Exports in 1968 and again in 1973.

The secret behind Jaycee's growth has been their discovery of how to combine modern production methods with traditional craftsmanship without losing traditional quality. That gave them the edge in exports.

Dr Cohen, whose father started the company in 1947, explains:

"More than 60% of our production goes abroad. I think it's true to say we couldn't have grown so fast without exports.

"Promoting our goods"

"My father realised that once some of our larger European customers were sure we could supply their requirements reliably, they would put much more effort into promoting our goods.

"Midland Bank Group has helped Jaycee achieve this—assisting in improving their cash flow by setting up export financing facilities backed by ECGD."



The carver works on each panel individually, after high-speed machines turn them out roughly-shaped.

Reorganising in Europe

Jaycee recently had an opportunity to buy out the minority shareholders in their German marketing subsidiary. Midland Bank International Division moved swiftly and the deal went through, enabling Jaycee to reorganise their German company, whose sales are now expected to increase by 40% next year.



Applying the gold leaf to a skived desk top.

Help from Forward Trust

Dr Cohen and his finance director work very closely with their local Midland manager, Eric Root, at Brighton's North Street branch, discussing all their plans in detail with him.

"He can help us directly through his branch, or introduce us to specialist companies in the Midland Group. For example, Forward Trust has helped us with instalment finance.

"You can practically see the bank's eyebrows shoot up when we tell them about our next new project. But once we've convinced them of our case, they back us to the hilt!"



Applying the final polish to a Regency-style Butler's Tray.

How Midland Bank Group can help

The companies that make up Midland Bank Group can help your company in many different ways. Their services include facilities for term loans, leasing, hire purchase, merchant banking, equity capital for growth companies, international insurance broking and advisory services, international and export finance, travel, factoring, investment management and trust services. Also for very large companies, Midland's Corporate Finance Division has a select team that can work directly with the company to make the best possible use of the wide range of Group services.

Talk to your local Midland manager—he can put you in touch with all the right people.



Midland Bank Group

Principal trading companies: Midland Bank Limited, Clydesdale Bank Limited, Clydesdale Bank Finance Corporation Limited, Clydesdale Bank Insurance Services Limited, Scottish Computer Services Limited, Northern Bank Limited, Northern Bank Development Corporation Limited, Northern Bank Executor and Trustee Company Limited, Northern Bank Finance Corporation Limited, Northern Bank Trust Corporation Limited, Midland Bank Trust Company Limited, Midland Bank Group Unit Trust Managers Limited, Midland Bank Finance Corporation Limited, Forward Trust Limited, Midland Montagu Leasing Limited, Griffin Factors Limited, Midland Bank Trust Corporation (Jersey) Limited, Midland Bank Trust Corporation (Guernsey) Limited, Midland Bank Insurance Services Limited, The Thomas Cook Group Limited, Thomas Cook Limited, Thomas Cook Overseas Limited, Thomas Cook Bankers Limited, Samuel Montagu & Co. Limited (incorporating Drayton), Drayton Montagu Portfolio Management Limited, Guyerzeller Zurmout Bank AG, Midland Montagu Industrial Finance Limited, Jersey International Bank of Commerce Limited, Bland Payne Holdings Limited, Bland Payne Reinsurance Brokers Limited, Bland Payne (UK) Limited, Southern Marine & Aviation Underwriters Inc, Bland Payne Australia Limited, London American Finance Corporation Limited, British Overseas Engineering & Credit Company Limited, Drake (UK) International Limited, Drake America Corporation, Export Credit Corporation.

Handwritten initials/signature

Return to the Euromarkets

RETURNED to the internationally. For a country as a major of year after making of these facilities. Publicised U.K. either in the form international Euro medium-term Euro credits exceeded 1976 compared with in the previous that 1976 was any ord year for British these markets, as exceeded \$5.7bn. in 4th. in 1973. But U.K. was the fourth market borrower—Brazil and France. all four countries running substantial payments deficits one explanation for wing activities. In use, however, there added incentive of abroad as much as order to minimise ing-out effect on U.K. borrowers with-estic market.

of oversimplifica-romarkets can be into four broad cate- Eurobonds, (foreign Bonds), foreign d. outside the U.S., m-term syndicated

the greater part rowing in the Euro- sk—the form of a rollover credits, a maturity of five ars and at floating rest. This accounted of the \$3.6bn. total gely in the form of industry and public owing under the exchange cover scheme. Already this n has raised \$1.3bn. et with the Govern- "job" loan.

tant

corporate finance important market national bond sec- borrowers raised \$5.1bn., of which \$3.5bn. was borrowed in 50 markets proper— Jon—underwritten by nation syndicate and nicip in countries in country of the in which the issue is ted.

dional and markets attract source of rough 1976 because was helpful and rates was declining banks, who activities the romarkets. The iderlent cause of home domes, home and anxious to lend

in the dollar sector and raised a further DM200m. in the Deutschemark market. (Shell is classified as a multinational, but in the light of its big U.K. interest can be regarded partly as a U.K. credit.) The other borrowers have been ICI, EMI, Williams and Glyn's Bank —with a \$40m. floating rate note—and two convertibles for Incheape (\$25m.) and Compair (\$10m.). A large floating rate note issue (for about \$75m.) is expected shortly for Natwest Bank.

Certainly the fundamentals are right. While international bond yields have not fallen yet to their low levels of 1972, the yield on U.S. corporate bonds (in the dollar sector) at 7.64 per cent in January was well down on the December, 1974 figures of 9.35 per cent.

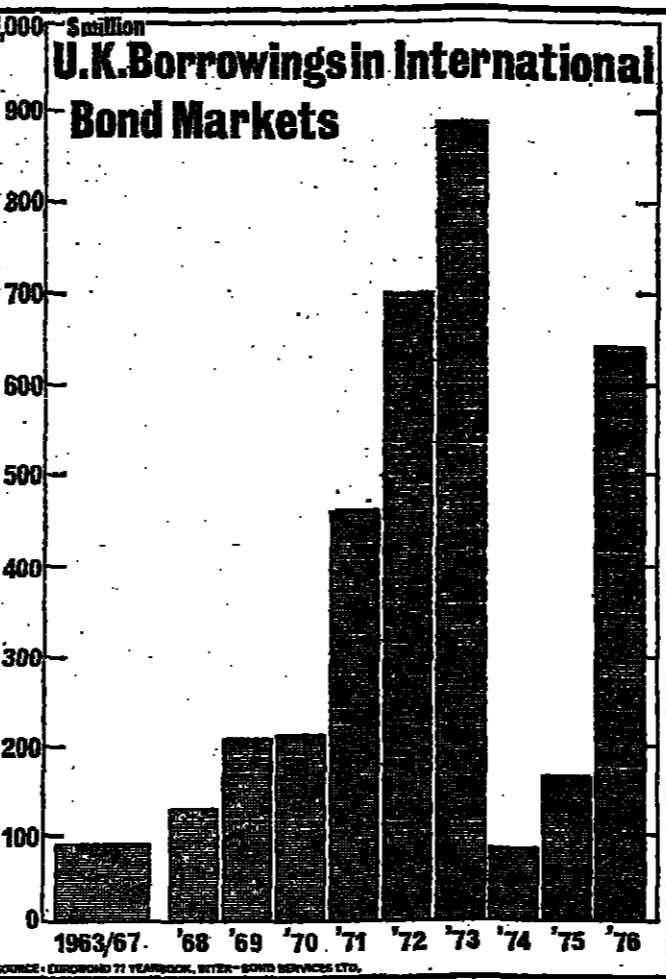
So far as European companies borrowing in U.S. dollars are concerned, the yield in the second half of last year was in the 8 1/2 per cent. to 9 per cent. range as against 11 1/2 per cent. two years previously. In January it was 8 1/2 per cent. (Morgan Guaranty figures).

This decline in yields reflects a combination of two factors—the tendency to trim coupons on new issues consistent with falling inflation rates and a highly liquid international capital market on the one hand, and on the other the strength of the secondary market, which pushed bond prices sharply higher in the latter part of last year. Indeed, the medium-term Bondtrade Index (relating to paper with a two to seven years' maturity) ended 1976 at its highest level since its compilation started in 1967, while the long-term index of bond prices was at a 3 1/2-year high.

When compared with interest rates in the domestic capital market, the attractions of such borrowing to a U.K. company must be considerable—always subject to the crucial proviso of a stable foreign exchange rate, or access to significant foreign currency earnings.

A further attraction is the tendency towards longer maturities. After the trauma of 1973-74 when the Eurobond market was buffeted by the secondary banking crisis, the upsurge in inflation and secondary international monetary upheavals, there was a tendency last year for maturities to lengthen again after being drastically shortened during the period of crisis.

An added incentive is the market's preference for corporate names. Any breakdown of Eurobond issues last year shows a very high proportion of Government and quasi-Govern-



Three countries have borrowed more than Britain in the international bond markets since 1963—the U.S. (\$9.6bn.), France (\$4.5bn.) and Canada (\$4bn.). Source: Eurobond 77 Yearbook, Inter-bond Services Ltd.

ment borrowers. Eurobond investors have, time and again, shown a preference for the top quality corporate name rather than the State-owned gas or electricity utility.

For these reasons it looks like an opportune moment for the prime quality U.K. corporate names to look again at the Eurobond market. But timing would seem to be vital. Interest rates now look to have bottomed out in the Euro market with some of the U.S. major banks increasing their prime rates. Once short-term rates start rising, then there is the danger that financial institutions and banks with bonds in their inventories will take profits, thereby depressing prices in the secondary market.

Once this happens, then one must anticipate a fall-off in new issue activity. Another possibility—of which there is little evidence to date—is that U.S. borrowers, who up to now have been able to raise funds on more favourable terms in the domestic New York market, will turn their eyes east once again. Last year's highly successful Dow Chemical \$120m. private placing and the subsequent \$200m. private placing on exceptionally favourable terms by Mobil, could represent the tip of the iceberg. From the U.K. viewpoint, the return of U.S. corporate borrowers would make it more difficult to exploit the market.

It would be idle to pretend that U.K. names were well-received in the bond market last year. The Midland Bank

\$75m. 10-year issue started disappointingly, as did this year's \$100m. private placing for ICI. The ICI paper was traded as low as 97 at one point, despite the fact that it was issued on an 8 1/2 per cent. coupon, which for 10-year paper represented something of a premium under market conditions then ruling. However, the issue has improved markedly in recent trading and a similar comment applies to the Midland paper, issued at 99 and now trading at 104. The Williams and Glyn's foater, priced at par, has been trading recently at around 100. All of this suggests a significant improvement in the U.K. credit image compared with the latter half of 1976.

It is generally anticipated that primary market activity in the Eurobond market will lose some of its 1976 momentum this year, but by the end of the first quarter U.K. names are likely to have borrowed at least as much as last year, implying that the British borrowing "share" of the market will be higher than the 1976-4.2 per cent.

Tony Hawkins

Quiet days on the stock market

STOCK MARKET finance for same way as in 1975. New rights companies has centred almost entirely on rights issues for the second year running. But even here activity has been relatively low since the middle of 1976 when ICI's £200m. issue raised less than in 1975. It was in May marked something of a peak period for funding in this way. And the upsurge in equity market since October, with the FT 30-Share index rising by more than 50 per cent. in 5 months, has so far failed to revive the fashion to any real extent.

There were some direct new issues of equity last year but these have almost been almost entirely set off by new issues of conventional debt was at least limited to about a fifth.

North Sea oil can restore some order to the balance of payments —which the U.K. has been running at a deficit for so long—there is going to be a continuing need to woo foreign investment in sterling through interest rates higher than the world average.

So to this extent high money costs are likely to remain a burden to the corporate sector. At their present levels most company finance directors find interest rates prohibitive in terms of industry's rates of return on capital employed. This explains why last year a number of companies that did not immediately need their rights cash to reduce bank borrowings put the money into the gilt edged market rather than plough it back directly into their businesses.

For the first time since 1973, companies sought new money at the same time that they applied for a Stock Exchange quotation. Four such issues were made—by Wilson Walton Engineering, Hambro Life Assurance, Molins and Thomas Borthwick. Other new quotations came from housebuilder William Leach, Electra Investment Trust and Willis Faber. Hambro Life was the first major public offer for sale since the flotation of J. Sainsbury back in 1973. Only a fifth of the company was offered to the public, but it was nonetheless an event of considerable interest.

The company was built from scratch in just five years and over that time new annual premiums rose from £1.6m. in 1971 to £18m. for 1975; total annual premiums received net of re-assurances grew from £1.1m. to almost £40m. The offer was heavily over-subscribed despite the general weakness of the equity market at that time (July). That weakness was reflected more accurately in the outcome of two other major offers for sale, and in the way Willis Faber switched its plans from an offer to an introduction.

Both the Molins and Thomas Borthwick offers were left in part with the underwriters, and both share prices opened at substantial discounts to offer prices on first day dealings. Borthwick's first day discount extended to more than an eighth.

Constraints

The depression in new issues in the debt market now stretches back to 1972. And despite the recent decline in interest rates and some modest attempts by the Government to ease the monetary constraints upon fixed term finance (for example, stamp duty on all non convertible securities was abolished in May) the outlook remains bleak.

At the start of 1976 Minimum Lending Rate was 10 per cent. and falling. It actually moved down to 9 per cent. by March but thereafter the trend was dramatically reversed as the Government's monetary policy came under increasing pressure. MLR is now a full 4 1/2 points under the 15 per cent. touched last October. But at this stage few market traders are taking bets that a year hence the market in loans and debentures will have expanded by much more than the nominal amounts seen in 1976.

Market forces are pushing interest rates down but for a number of reasons the Government is unwilling to let this trend have its head. Having mushroomed in recent years to support public spending, the Government's gilt edged financing programme is going to stay massive throughout 1977.

At the same time, the need to protect sterling is ever in the background—despite the good news about the "safety net" for shareholders' cash in quite the official sterling balances.

Jeffrey Brown

Hire purchase growth

FINANCE houses have in recent weeks a upsurge in industrial hire purchase before Christmas. Companies feared that a credit squeeze would have to face

This rate was specifically introduced for deals involving industrial and commercial customers. The idea is that the finance houses arrive at a true and flexible rate of interest geared to the real cost of the money they have to borrow themselves. Published daily in the Financial Times, the FEA base rate is calculated monthly by reference to the inter-bank three-month rate, the effect being that long-term agreements have more flexible rates of interest.

Competitively

The finance houses maintain that this benefits the customer because they can quote more competitively in the knowledge that they will not get badly caught should interest rates jump sharply some time before the agreement is concluded. The variable rate certainly protected the finance houses in recent months when interest rates roared upwards to unprecedented heights.

With industrial hire purchase, though, they can go right ahead in the sure knowledge that the rate they pay on any loan will come down in line with any general decline in interest rates.

When interest rates are high companies hold back in the expectation that they will come down to more reasonable levels. Most of the members of the Finance Houses Association already lend more in total to industry than to private borrowers. And they are willing to see the balance move even more in favour of the manufacturing industry—but only within certain limits. The point is that the finance

houses have to borrow money themselves and are more determined than ever after the traumas which have rocked the U.K. financial system not to fall in the trap of lending long while borrowing short.

The majority of loans to private borrowers are for two years maximum whereas industrial credit can stretch to five years, with three years being common. So the finance houses must keep a considerable part of their lending going in the direction of the private borrower if they are to avoid problems with their own borrowing requirements.

Where the "corset" affected finance houses in particular is that, in the words of one executive, "a credit squeeze takes all the adventurousness out of lending." By this he means that when a lending institution is in the position of having to choose who should have the little cash there is available, the lender will almost certainly choose the safest road. So those companies that have the highest credit rating will probably get all the cash they require. Any one wanting to do something a little out of the ordinary, with a little more risk element in it, will have problems raising loans.

The "corset" also dampens down the marketing efforts of all financial organisations—the finance houses among them. There is no point in launching a new scheme or putting more promotional weight behind a good existing scheme if you will not be able to supply the demand for credit you have created. And it should be remembered that, even though in practice it might not be very apparent, in fact there is still a "credit squeeze" being operated by the Bank of England.

Even before the credit squeeze became a fact of financial life the finance houses had been treating industrial loans with more caution than in the past.

Ideally they would like to spread their business into as many industrial baskets as possible while the economic outlook remains uncertain. So the finance houses do not want the (by their standards) very large deals which had begun to become a part of their lending scene.

Loans of £500,000 or more were becoming fairly common. Now an industrial customer would have to shop around for quite a time to find a finance house ready to put up that kind of cash. But such deals are still being done. The terms of a loan are also likely to be more restricted than during the boom times when the finance houses were stretching into the medium-term market and offering money, in some circumstances, for up to seven years.

Individual

Instalment credit companies in general tailor each agreement to suit the individual company and the individual deal. The prime consideration, so far as the finance house is concerned is whether the company getting the advance is creditworthy and will be able to pay back. This often means that discussions will take place in which the finance house will ask for details on when the plant or equipment covered by the loan will be in full operation and when it will come to maximum earning power.

With forward planning particularly difficult for many industrialists at the moment, getting out finer points of detail can be almost impossible. But without them there can be no loan. For although the finance houses always ran a careful eye over any company asking for a loan, many of them are these days going more deeply than ever into a company's pedigree before entrusting it with cash.

Kenneth Gooding

County Bank Limited

Merchant Bankers
11 Old Broad Street, London EC2N 1BB
and in Edinburgh, Leeds and Manchester.

© National Westminster Bank Group

High interest rates check recovery

THE EXACT influence of interest rates on industrial activity and investment is a subject of continuing, and still inconclusive, debate. But there is little dispute that the sharp rise in nominal interest rates last year acted, in combination with other factors, as a check on the rate of economic recovery. Conversely, the sharp and rapid fall in clearing bank base rates this year—down from 14 to 10½ per cent. in two months—has clearly contributed to the pick-up in business confidence shown in recent surveys.

It is less clear, however, how and whether the general increase in relative business optimism following the turnaround in financial markets will translate itself into greater investment or stockbuilding. Moreover, despite the fall in interest rates in the last couple of months, the cost of bank finance is still higher now than at any time before the last two years.

This has produced an increasing burden of nominal interest payments relative to total profits: between 1959 and 1974 interest payments have risen from 13 to 87 per cent. of real (that is inflation adjusted) pre-tax profits of industrial and commercial companies.

A high level of nominal interest rates can of course be somewhat deceptive at a time of rapid inflation. A National Economic Development Office study on investment and financing showed, for example, that bank overdrafts cost an average of minus 1.89 per cent. a year after tax in real terms between 1967 and 1973. This compares with minus 0.94 per cent. in France and plus 0.67 per cent. in West Germany for the same period.

If the expected rate of inflation over any given time exceeds the nominal interest rate for loans of a similar term then it should in theory be profitable to borrow merely to hold physical stocks during that period. Decisions to invest in fixed assets should depend on inflationary expectations and the expected cost of borrowings over the whole life of the project.

This subject was examined in detail in an article by John Flemming and others in last June's issue of the Bank of England Quarterly Bulletin.

This pointed out that expected inflation will increase the anticipated return from investment in money terms. Although this will tend to offset the discouragement of having to pay high rates of interest, the borrower has to take other points into account.

By raising nominal interest rates, inflation effectively shortens the life of "long-term loans": interest payments will normally be constant in money terms throughout the life of the loan, whereas revenue will rise with inflation. The authors maintain that even if revenue comfortably exceeds interest payments over the whole period, cash flow may well be negative in the earlier years, thus requiring refinancing at uncertain interest rates.

Moreover, expectations about inflation refer to an average rate over the whole term of the loan. But not only are these expectations likely to be unobservable but they are also unlikely to be held with any great confidence, so that even if long-term interest rates are low compared with the current rate of inflation, borrowing may still be discouraged by the possibility of a fall in the rate of inflation.

The article projects the impact of varying rates of inflation with a 20-year bond with a 15 per cent. coupon. If inflation continues throughout the 20 years at 20 per cent. a year cash flow is initially negative but becomes positive in the seventh year, and in the final year is more than sufficient to redeem the bond. But if inflation moderates, averaging 5 per cent. a year for the last 15 years of the term, then the cash flow will be negative until the 18th year and there is no possibility of redeeming the bond out of the returns from the project.

In sum, as the authors point out, for a borrower seeking to avoid risks, the possibility of a significant fall in the rate of inflation will raise the subjective real cost of long-term fixed interest debt far above the difference between current nominal interest rates and the high current rate of inflation. The uncertainties will be particularly great when the rate of

inflation has been both historically high and unusually variable from year to year. This explains why hardly any companies have attempted to raise debentures or unsecured loan stocks over the last couple of years and why the ratio of short to long-term debt has doubled since the early 1960s.

As Mr. Flemming has argued in a recent speech, hopes that rates will fall (as well as uncertainty about their course) will encourage borrowing on a short-term basis, but companies may not be sure they will be able to roll this over. This is one of a number of problems caused by high nominal interest rates—another being the strain on cash flow already mentioned. For companies with large short debt, high interest rates contribute to their tax allowances and the elimination of mainstream corporation tax liability. If this is expected to persist, the value of other tax allowances designed to stimulate investment will be reduced.

The Bank of England Quarterly Bulletin article also attempts to take account of other sources of finance, including the value of the equity in the company as well as debt. The authors calculate the cost of capital as the ratio of profits (adjusted for tax) to the financial valuation of companies and the rate of return as the ratio of profits to physical capital employed, valued at replacement cost. Relative profitability, or the valuation ratio, is the ratio of the financial valuation to the tax-adjusted replacement cost of capital.

In any event, industrialists are hoping for a sustained fall in interest rates to a lower level if the manufacturing investment recovery, which has so far been modest, is to gain momentum. Interest rates have already come down sharply from their crisis level last autumn with the Bank of England's Minimum Lending Rate now some 4½ points lower than its peak of 15 per cent.

Indeed the decline has been much more rapid than expected at the beginning of the year when Mr. Denis Healey, the Chancellor of the Exchequer, said he expected only a gradual fall in rates during the first half of 1977. But the sharp turnaround in confidence in financial markets following the agreement on the IMF loan and the Basle agreement on the future of the official sterling balances has triggered off a more rapid decline in rates.

The improvement in confidence and the self-feeding belief that interest rates would fall has been reflected in the massive sales of gilt-edged

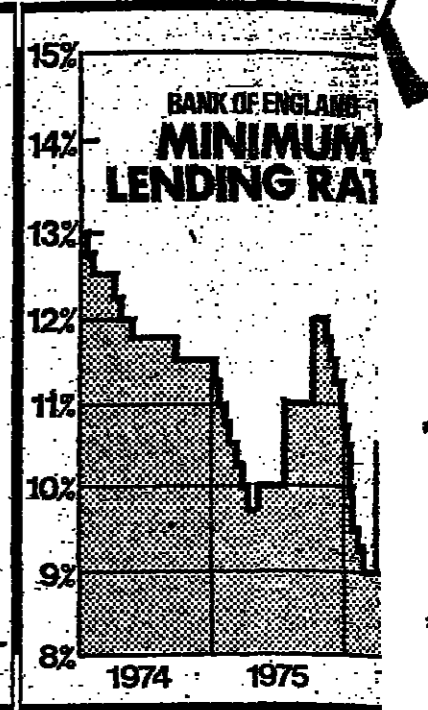
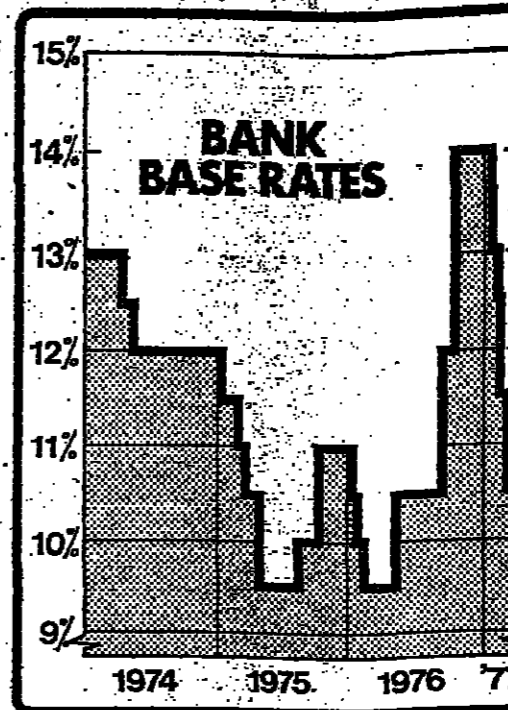
approved at current levels since they offer a sufficiently high discounted rate of return while others involve replacement or expansion of an essential part of an operation. The type of scheme most likely to be affected is a marginal investment with uncertain returns.

Ratio

This valuation ratio moves cyclically because of movements in the capital market but has also shown an underlying downward trend, so that by 1975 the financial valuation of companies' earnings on their physical capital was only around half the cost of replacing these assets with similar assets. This is hardly an incentive to invest and the downward trend in the valuation ratio has been paralleled by a decline also in the level of investment.

High nominal interest rates only play one part in this picture, alongside low output, low profitability and the associated squeeze on (relatively) cheaper internal finance from the fall in real profits. But there is no doubt that the rise in interest rates coupled with uncertainties both about the future rate of inflation and profitability have led to a cutting back of investment plans.

Most companies would not base their investment strategies on interest rates alone. Some projects would anyway be



stocks. The response of the authorities, as noted in last week's Bank of England Quarterly Bulletin, has been to exert a moderating influence on the surge of market sentiment, "which appeared at times to be in danger of neglecting the uncertainties ahead."

However, the authorities' success has been limited as the Treasury Bill rates at the weekly tender continued to decline sharply throughout January and the Bank had to intervene in early February to check the rate of decline. But while MLR itself remained unchanged during February, the underlying pressures on rates were still downwards.

So when in early March, the Bank reduced MLR by one point in an attempt to re-engage with

Average

Moreover, expectations about inflation refer to an average rate over the whole term of the loan. But not only are these expectations likely to be unobservable but they are also unlikely to be held with any great confidence, so that even if long-term interest rates are low compared with the current rate of inflation, borrowing may still be discouraged by the possibility of a fall in the rate of inflation.

The article projects the impact of varying rates of inflation with a 20-year bond with a 15 per cent. coupon. If inflation continues throughout the 20 years at 20 per cent. a year cash flow is initially negative but becomes positive in the seventh year, and in the final year is more than sufficient to redeem the bond. But if inflation moderates, averaging 5 per cent. a year for the last 15 years of the term, then the cash flow will be negative until the 18th year and there is no possibility of redeeming the bond out of the returns from the project.

In sum, as the authors point out, for a borrower seeking to avoid risks, the possibility of a significant fall in the rate of inflation will raise the subjective real cost of long-term fixed interest debt far above the difference between current nominal interest rates and the high current rate of inflation. The uncertainties will be particularly great when the rate of

The choices for industry

After the relatively slow start with FCI's lending activity over the past two years, present signs are that there is just a little more inquiry about borrowing possibilities, as indications appear of falling interest rates and more revival in the economy.

FFI, which has £88m. of issued share capital, last month reinforced its own resources, and took advantage of the fall in interest rates, by launching a loan stock issue of £75m., following a 33 per cent. issue of £75m. stock two years earlier. This issue effectively funded fixed-term loans made over the past year at a margin below the average interest rate receivable. FFI also has standby facilities of £400m. from its shareholding banks.

ICFC, the arm of FFI which was founded in 1945 to cater for the financing needs of a range of smaller concerns has an extensive network of 38 branches throughout the U.K. and both in London headquarters and branches in other parts of the country. It has been in the past subsequently brought its protégés to the stock market. Its outstanding loans and investments amount to about £180m.

ICFC's investment activity slowed down considerably in 1975-76 because of the recession. But in the half-year to September 1976, £117m. was provided in various ways to 147 companies, compared with £94m. to 116 concerns a year earlier.

Here again, current signs are that there is a mild increase in demand for ICFC facilities, though not of any major upsurge in activity.

A £15m. new company, Morgans Investments, has been set up lately by three major financial institutions—Prudential, **Margat**

Advances

To date, advances under the £1bn. plan — originally inspired by an initiative from Mr. Harold Lever, Chancellor of the Duchy of Lancaster, which was taken up by FFI and the banks — have amounted to little more than £220m. whereas the whole initial sum had been expected to be needed in 1975 and 1976. Total commitments to lend, including the sum already advanced, amount to around £280m.

Limited as this is, measured against the first estimates, it is nonetheless large enough to have proved that there is a real role for the special financing institution able to put up sizeable medium-term funds which may be provided on adjustable interest rate terms. This is particularly true at a time, such as last year and early this, when interest rates have been exceptionally high and companies have not been willing to shoulder the obligation to pay very high fixed interest rates for up to 20 years for borrowing through quoted loan stocks.

The past year has seen a growing list of major concerns which have found a financial need, in varying circumstances,

Losses

ICFC proved no more immune than other investing institutions to the losses widely incurred in the financial world in 1974-75. Largely because of this is a defensive move by the banks, to check that business is not drawn away from them, at this, the FFI group's result for that year was a pre-tax loss of £19.9m., after special provisions of £34.5m.

Exporter

CONTINUED FROM PAGE IV

if it is in dollars, while the contractor is still paid in sterling, the currency in which he does his costings, etc., for the project. It also brings an immediate cash benefit to the balance of payments.

One drawback is that the exporter will have to pay a higher ECGD premium because the total amount is drawn at once. Other banks are therefore working on other permutations where any available gains on interest rate differentials or whatever comes direct to the contractor rather than the buyer.

But resistance of overseas buyers is only one of several problems which may well be resolved in time, but for the present are tending to delay negotiations, particularly on those contracts where discussion with the buyer had progressed quite far on a sterling basis before the new scheme. Although ECGD has said it will be flexible in such cases wherever possible it will try to get the deal switched to a foreign currency.

Documentation is also understood to be a problem, while various technical difficulties require new solutions. One is that Euromarket borrowings are usually short-term, while buyer credits can often run over a period of 10 years or more. So to cover a situation where the banks may have difficulties in matching their commitments ECGD has been empowered to step in as guarantor for continued availability of foreign currency.

This would have to come from public funds but a limit of 10bn. SDRs has been set under a new Bill with provision for stage increases to a total of 25bn. SDRs. Another unresolved issue is that the guarantees provided on export credits differ from those required by the Euromarket.

Another criticism is that arranging buyer credits in foreign currencies makes the whole transaction far too complicated. Not all companies have the sophisticated expertise to cope, though clearly their banks should. And despite the new cover which ECGD provides it still leaves the contractor exposed to currency fluctuations which may take place between the time when he submits his bid and the contract is awarded — too much of a guessing game for some.

Protestations over any new scheme are inevitable until the often unforeseen problems are ironed out. Most consider foreign currency financing to be a valuable scheme for the right company in the right market even if it has come two or three years later than it should. The main objection is its blanket application. Obviously ECGD has to take a hard line if it is to achieve the targeted spending cuts but it would be ironic if British contractors became less competitive as a result and valuable contracts were lost.

Margaret Hughes

A FINANCIAL TIMES SURVEY

WORLD BANKING

APRIL 25 and MAY 2 1977

The Financial Times is preparing to publish its annual two-part survey on world banking on April 25 and May 2.

Part 1, on April 25, will include in its edited coverage analyses of the international financial and economic situation; international monetary arrangements; international banking interest rate trends; gold, foreign exchange in London and reviews of economic industrial developments in a number of countries, mainly in Europe.

Part 2, on May 2, will contain articles on the pound; the dollar; the Euromarkets; price finance; non-OPEC developing countries; development finance and new international financial centres in the Middle East. Our articles will review financial and industrial developments in a number of countries including the United States, Japan and COMECON nations.

The proposed publication dates are April 25 and May 2; copy dates are April 11 (Part 1) and April 18 (Part 2). For further details of the synopsis and advertisement rates contact Heler Lees, 01-248 8000, extension 2, Financial Times, Bracken House, 10 Cam Street, London EC4A 3DF. Telex: 885033.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of surveys in the Financial Times are subject to change at the discretion of the Editors.

National and Commercial Development Capital Limited

Investment finance is available to expanding private and public companies capable of earning pre-tax profits of at least £100,000.

For further information write to Mr. Richard Battersby, National and Commercial Development Capital Ltd, 34 Nicholas Lane, London, EC4P 4HX. (Tel: 01-623 2632)

Member of the National and Commercial Banking Group

Republic National Bank of New York had a loan to deposit ratio of 53.3% at December 31, 1976.

Highlights at 12/31/76

Capital:	\$175,611,601
Deposits:	\$1,578,623,900
Net loans:	\$840,796,690
Total assets:	\$1,945,104,580

Republic New York

Republic National Bank of New York / Republic New York Corporation, Fifth Avenue at 40th Street, New York, N.Y. 10018 (212) 221-5000
New York • London • Nassau

Member Federal Reserve System / Member Federal Deposit Insurance Corporation
A subsidiary of Trade Development Bank Holding S.A.

هكنا من الأصل

J. K. ...

FOREIGNERS ARE BUYING BRITISH, EVEN IF THE BRITISH AREN'T.



In the last 4 years 12 countries have bought the Hawker Siddeley HS125 Executive jet. We financed the buyers to the value of £12 million.

Home markets may be depressed but the predicted recovery of world trade has started right on time.

At the end of last year it was up an estimated 10%. Welcome news for a country like ours that lives by its exports.

So why aren't British salesmen coming home with bulging order books?

Why aren't factories working flat out to bring foreign currency rolling in? Why isn't our balance of payments being tipped the other way?

We believe it's because too many people are leaving it to someone else to make the effort. Thinking that they're too small. And it's only the ICIs and the Leylands that can go after dollars and Deutsche marks.

But they are wrong.

Every company, no matter what it makes, no matter how small it is, can chase foreign orders.

Recently we helped a small firm in Loughborough sell second-hand road rollers in Africa. We backed a grain merchant who sells to a brewery in Belgium. Helped a dartboard manufacturer who exports to the Far East.

There are problems, of course.

Local customs, currency premiums, insurance, tariffs and government restrictions all have to be reckoned with. The paper work alone is daunting.

While this may sound like a nightmare to you, it's merely routine to us. Exporting is something we do all day and every day.

We operate through 1,700 overseas branches in 72 countries (and that includes the USSR).

Through them we know if you should appoint an agent, set up a franchise, deal with an export merchant or sell direct.

From time to time through them, we've even opened up a market.

Last year our Hong Kong branch found a buyer desperate for chicken feet (they're a delicacy out there). British farmers are now supplying his needs.

Apart from handing out advice, the most frequent way we help is with a loan or credit facilities. This enables a company to build up stocks or re-tool to meet foreign orders.

In some cases we finance the foreign buyers in the first place. Lending them the money to buy British goods.

But by far the most crucial part of any transaction is protecting both the buyer and the seller from currency fluctuations. Essential when exchange rates are up and down like a yo-yo, as they are now.

Advice on currency exchange, overseas markets, contracts or export guarantees can all be obtained through your local Barclays Bank Manager.

The phrase "Export or die" may have been coined in the 60's, but it's never been as true as it is today.

BARCLAYS

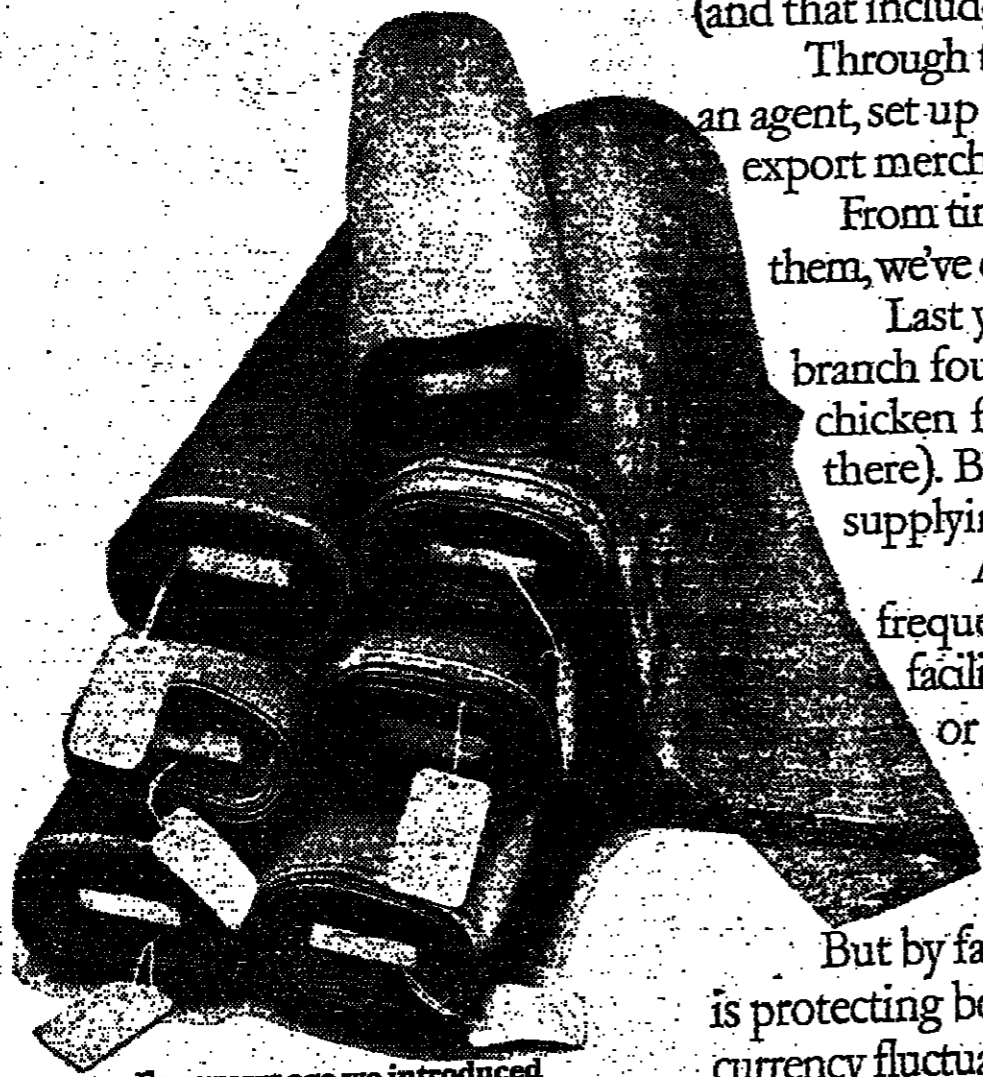
Barclays Bank Ltd, Dept. EX, 16-18 New Bridge Street, London EC4. Telephone: 01-553 2383 ext. 212.



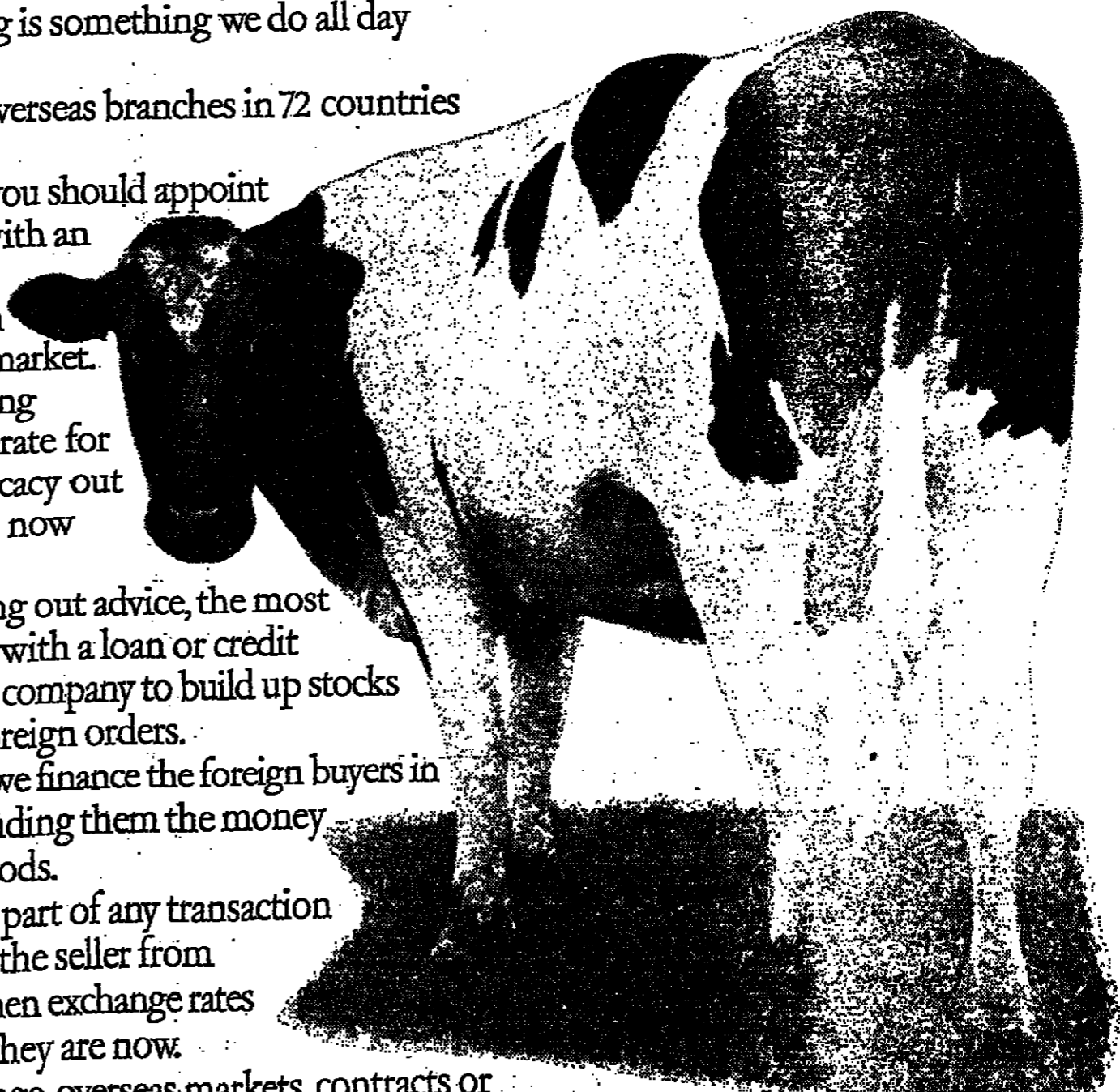
Astraka Ltd, a family firm selling simulated fur coats in 30 countries, needed short term finance. We eased cash flow and gave export guarantee cover up to £400,000.



Machines that are building Rio de Janeiro's underground system come from a firm in North Yorkshire. We made the introduction and drew up payment terms.



Four years ago we introduced J & G Blainford, worsted merchants, to buyers in the Far East and Middle East. Since then, they've taken export orders worth £½ million.



The Spanish are paying high prices for British heifers. We speed up, and guarantee payments from their buyers to our farmers.

Merchant banks' role

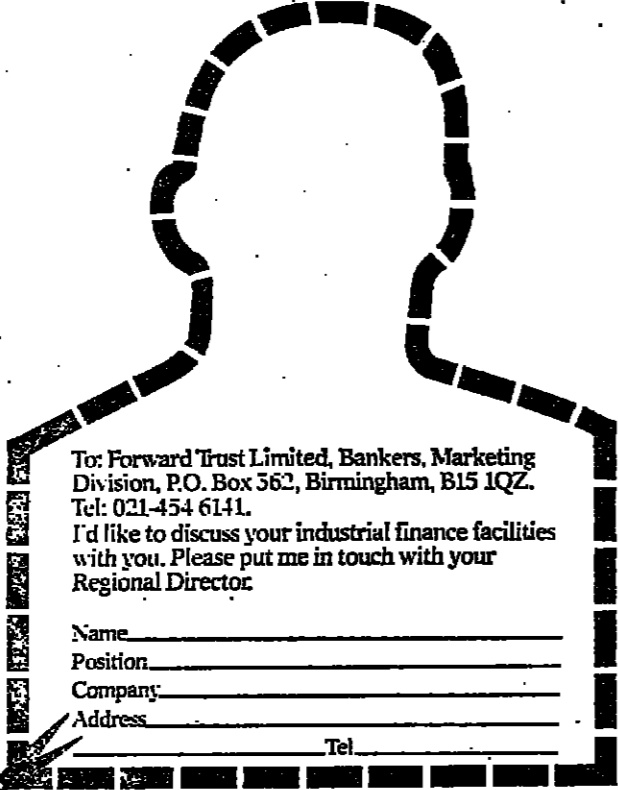
THE SPATE of takeover activity which has been seen for several months now has highlighted in considerable detail the role of merchant banks in corporate finance. Takeovers are perhaps the single most public activity of a merchant bank's corporate finance activities, even more so than new issues because it is frequently the arguments of the merchant banks advising company Boards that come over in a tussle.

Corporate finance is a traditional activity of merchant banks, even though the stress put on these activities varies quite considerably. Among the larger merchant banks, for example, Hill Samuel and J. Henry Schroder Wagg have sizeable corporate finance departments, whereas at Hambros Bank there is a fairly small department which, as director Christopher Spborg

Prominence

explains, in leaner times can concentrate its energies more closely on looking after the bank's own venture capital activities.

Until the revival of the rights issue market in 1975 all merchant banks suffered a considerable downturn in their corporate finance activity and, even though it has been rather better since then, it has only been in specific areas that a great amount of work has been available. After the rights issues came the revival of the takeover market, but that still left gaps not only in rights issues, but also in new issues and arranging of different forms of equity loans such as debentures and loan stocks.



To: Forward Trust Limited, Bankers, Marketing Division, P.O. Box 362, Birmingham, B15 1QZ. Tel: 021-454 6141.
I'd like to discuss your industrial finance facilities with you. Please put me in touch with your Regional Director.

Name
Position
Company
Address
Tel

Our approach to industrial finance, in broad outline.

When you want to know more about the financial services Forward Trust have to offer, we won't just send you an anonymous leaflet.

We'll send you someone who can discuss your needs personally with you.

Someone who can look at your business with an expert eye and can help work out a financial package that's tailor-made for your requirements.

As a member of the Midland Bank Group, we obviously have wide experience in helping all types of industry.

With short and medium term loans ranging from a few thousand pounds right up to hundreds of thousands.

So the chances are we could help you.

If you would like more information simply complete the coupon above. And we'll put you in touch with our Regional Director.

Alternatively, if you prefer, contact our local branch office—you'll find the address in the phone book. Either way, there's no obligation.

Forward Trust
A SUBSIDIARY OF MIDLAND BANK LIMITED

adviser. Until just a few years ago the independent merchant banks had more or less a clear field in such aspects of corporate finance as financial advice on bids, new issues, the raising of medium- to long-term finance and other associated activities. Stockbrokers involved themselves in sponsoring new issues, but in relation to the amount merchant banks handled it was modest.

As for the clearing banks, they virtually ignored the market and one of the major general arguments for them continuing to stay out of the market was that if they moved into merchant banking they would find themselves faced with a conflict of interests as advisers to and providers of money for customers themselves, whereas merchant banks generally provide advice and arrange for money to be provided from other sources.

However, this has changed completely. National Westminster has County Bank as a merchant banking subsidiary, Barclays has its subsidiary, and Midland Bank has its Midland Montagu offshoot which comprises the Samuel Montagu and the Drayton Corporation merchant banks which merged prior to being taken over by Life and Thomas Borthwick-Midland.

Some observers of the market once suggested that with the muscle the clearing banks are able to exert in providing short and medium-term finance, together with a whole host of other banking facilities, any move into merchant banking would considerably weaken the position of the independents. But this has not happened and among the reasons could be the fact that since the clearers such a downturn in activity that it has not been possible for them to make any clearly definable impact.

Another argument, put forward mainly by some of the independents, was (and still is) on occasions that clearing banks could not really provide the type of service offered by more traditional independents because their career and salary structures would not allow them the freedom to recruit the right calibre of person or pay him sufficient money. There may well have been an element of truth in this, but the recruitment in early 1976 of Mr. Charles Ball from Kleinwort Benson — where he was vice-chairman — to head Barclays Merchant Bank goes a long way to knocking the wrong-calibre argument on the head and certainly caused something of a surprise when he made the move.

Mr. Ball over many years made a name for himself as an astute handler of takeover situations, whether he was acting for the bidder or the biddee and it is because of him that Barclays Merchant Bank is so active at present on bids.

Enough

However, even if the clearers' merchants are showing muscle, they do not appear to be worrying the independents particularly and neither (at least on the face of it) are other new providers of capital such as the National Enterprise Board and Equity Capital for Industry. Perhaps trying to be philosophical about the situation, merchant banks seem to take the view that there are enough kinds of business around to keep everyone reasonably busy.

One of the busy areas, according to Mr. David McDonald, a director of Hill Samuel and head of its corporate finance division (and who takes over as director-general of the City Takeover Panel on April 1), will continue to be takeovers. He feels there has been a "significant number of overseas 'bid-

Growing scope for leasing

LEASING IS now accepted as arrangements and proved valuable to the U.K. motor industry, British companies, which were mainly not the case six years ago. This development has been due to a number of factors, including the most obvious was the entry of the major clearing banks into the field in a concerted way at the turn of the decade. This brought money volume to leasing, and greater awareness of leasing to industry.

The liquidity squeeze on industrial companies, and for many a severe reduction in mainstream taxable profits during the recession, was another contributing factor. Psychologically, a third factor developed out of these two: whereas previously the British industrialist had been reluctant to instal "other people's machinery" in his role as lessee, this attitude has given way to a more hard-headed approach to the question.

Investment

Estimates of the amount of equipment leased by industry vary between 7 and 10 per cent of total new U.K. industrial investment. The Equipment Leasing Association (ELA) in a recent survey of its members, who account for about 90 per cent of U.K. lessors, estimated that assets leased in 1976 had cost about £1.67bn, compared to about £402m. in 1971.

It is as well to point out here that several large and profitable industrial companies have set up financial divisions which include leasing to other industrial companies in their operations. This transfer of resources appears to have been welcomed by the Government. Finally, last resort business is as unwelcome to lessors as it is to traditional bankers.

The flexibility of the leasing industry has improved with its growth. In the motor-car industry, for instance, British Leyland offer 15 or 16 different leasing modules to companies. This sector of leasing is growing rapidly thanks to the confirmation by the Revenue that 100 per cent depreciation is indeed available to motor vehicle lease or hire companies. Eon-bard North Central, the premier vehicle lessor, argues that there are cash flow benefits from leasing superior to those available through hire purchase. (Leasing, indeed, is cheaper than hire purchase, but more expensive than operating a bank overdraft.)

Lessors have sales agreements with motor manufacturers, in which the manufacturer agrees to buy back the vehicles at the end of the lease term (usually two to three years) at a pre-arranged and reasonable residual value. The high value of second-hand cars, as well as the certainty of the sale, has encouraged the export of tax allowances is not desirable, there are several accepted methods of arranging international leases, and leases after all are not necessarily tax-based. At meetings between representatives of the ECGD and the ELA recently, it appears that the ECGD is prepared to look at the subject sympathetically, since it offers another line of export finance. The question is now under study.

As the London market grows, more lessors are talking about the benefits of partnership deals in leasing, in order to share expertise and risk, and increase capacity. Several major deals have so far gone unpublicised. An example of the desire to partner or syndicate deals comes from the Corporate

U.K. LEASED ASSETS

	Cost of assets (£m.)	
	Purchased*	Leased†
1972	136	516
1973	288	761
1974	321	1,078
1975	340	1,425
1976	421	1,569

*The original cost before grant of assets purchased in ELA members. †The original cost before grant of assets owned by ELA members at the end of each year. ‡Included in each case.

Source: Equipment Leasing Association.

Nicholas Leslie

Robert H. Editor, Leasing

Funding Options for Industrial Investment

We are one of Britain's largest Finance and Leasing Companies and a member of the National Westminster Bank Group.

Our funding options include:

Wheelease—cash flow priority for the Company Car fleet.

Leasing—use priority for industrial plant, equipment and commercial vehicles.

Lease Purchase—ownership priority for industrial plant, equipment and commercial vehicles.

These options can help you decide your particular priority when planning and evaluating your investment programme.

To Buy or to Lease—the decision is yours.

For more information contact:

Lombard North Central
Limited
Banking-Credit Finance-Leasing

2 Purley Way, Croydon CR9 3BL. Tel: 01-684 6911

or any of our Regional Offices at:
Birmingham... 021-744 8877
Brighton... 0273 597181
Bristol... 0272 234981
London... 01-349 3131
Manchester... 061-438 0831
Nottingham... 0708 71144

Demand for venture capital

THE EROSION of proper rewards for entrepreneurs that has taken place in recent years is undoubtedly damaging the economy and I believe that the incentives that are available to both owners and managers in business are lower in the U.K. than anywhere in Europe, if not in the developed world.

This warning was given by Lord Seeborn in his chairman's statement to the most recent annual review of Industrial and Commercial Finance Corporation (ICFC), the U.K.'s largest provider of finance to small companies, apart from the clearing banks.

It is quite amazing that despite the lack of adequate rewards, or even social acceptance, there are still budding entrepreneurs all over the country crying out for money to help finance their own projects. Almost deliberately, the Government has managed to strip away all incentives to accumulate capital. But fortunately it has not yet killed the motivation behind the entrepreneurial efforts. Yet even when the small company owner has overcome all the difficulties and frustrations caused by Government, there is no automatic warm welcome in the private sector.

It has often been said that although the U.K. has an efficient financial system, there is inadequate consideration to providing capital for small companies. Indeed the banks' most deliberate efforts in this regard have been as shareholders in ICFC, rather than as promoters of their own direct loans to industry.

This has always been true yet it is less true today than ever before. After the mammoth money crunch of 1974, banks have become more involved in providing their own money to finance small companies, sometimes at the prodding of Government which itself has become directly involved through the activities of the National Enterprise Board (NEB).

In recent years the clearing banks have shown more of an inclination to giving specific medium-term finance to industry rather than just providing overdraft facilities. At Barclays, for example, almost a quarter of its loans in the corporate sector now rank as medium term, that is, in the three to seven-year category.

In part this trend has resulted from more sophisticated attitudes, as needs for money have changed more towards investing in plant and equipment rather than just in short-term working capital. So the banks have matched their lending with more medium-term facilities than before.

Pressure

Of course, the banks have not provided nearly the full needs of small companies, which still tend to stay under-financed and be under-capitalised. In general, the banks keep to a fairly low level of risk and do not normally take equity stakes in their client companies, or put their own men on the Board. In some cases the fact that a bank refuses medium-term credit to a small company ranks that company a poor risk.

But in other cases the specific needs of the company cannot be met by the banks, and in this case the company needs to go to the specialists.

The merchant banks have taken a decreasing role in providing finance to small companies and particularly in the over £1m. Since its formation just after World War II it has provided nearly £500m. to more than 4,000 companies.

SBCF has also noticed a recent hardening in demand for venture capital. Recently its portfolio has expanded to 13 companies involving just over £5m. and high yield to Electra.

If all else fails, the always the NEB, which always has money to Twinkl Sinclair. The NEB is a dimension in its field although it is already active, its real worth will be properly assessed for years yet.

Whatever the choice, entrepreneurs of source of finance, there is a common yardstick. That is, the ability to present a cash flow picture on paper for a five months ago to take a 22.5 per cent stake in the equity fully prepared to answer the money questions like— "What are you doing with the money for?"

What is exceptional about this transaction is the chequered profits record of the company. Profits of £300,000 in 1973 were halved in 1974 and wiped out in 1975. But SBCF felt that the product and management was good enough to back, and "substantial" profits are anticipated. It is difficult to tell how SBCF does in the market, for it has

made no attempt to view current portfolio. But if a company does acknowledge there are perhaps three companies that help it rest. Once again, this is an exceptional situation in industry.

A year ago, a new fund was formed with Electra Investments, called D ment Capital Investment unlike SBCF, this does not venture capital. But it is a lender to companies dividends provide a second high yield to Electra.

What do the choices? What are the entrepreneurs of source of finance, there is a common yardstick. That is, the ability to present a cash flow picture on paper for a five months ago to take a 22.5 per cent stake in the equity fully prepared to answer the money questions like— "What are you doing with the money for?"

Roy Lev

TO-DAY: CONSTITUTIONAL REFORM

BY JOE ROGALY

When the politicians lose control

ing see leasing

L be the joke of the week's events show, unworkable. Mrs. Thatcher forces an and then falls to win it. The chances of such a reform are uncertain...

We also need fixed-term Parliaments, so that elections are not called at the convenience of Prime Ministers...

standing with the Ulster Unionists. This kind of deal would be the answer to those who say that the existing system is producing just that drive for broad Parliamentary support...

wedge into the split in the log and begun to raise the hammer that will smash down and break it. So let us assume that there are no deals, and that the Government loses the vote...

privately admit, but then the Conservatives under Mrs. Thatcher have not done or said anything that makes them worth electing. They have no serious alternative policies in areas where it matters most...

I am not ruling out a Thatcher landslide, since our first-past-the-post system is notoriously unpredictable, and a small change in voting habits can produce very large changes in the number of seats won...



Mrs. Thatcher: stony rejection



Mr. Callaghan: one of the old school

ENGLAND'S ELECTIONS

Table with 12 columns (Year) and 4 rows (Party). Shows % vote and seats for Conservative, Labour, Liberal, and Other parties from 1945 to 1974.

support for tolerance

Chairman, and Chamber of 2. Your paper of March published the annual of Barclays Bank. It is the bank's forthright of the threat of economic mail made against it...

Letters to the Editor

columns has shown that the GLC's own direct labour construction department's accounts are so far behind that the figures, when produced, must have little meaning...

Plight of some colonies

From Mr. J. Donovan. Sir—Mr. Gubbay's letter (March 10) highlights the financial plight of a number of the few remaining small Crown Colonies...

The effects of multinationals

From Mr. R. Ernst. Sir—I have rarely read such unrevealed rubbish as the letter from Mr. W. C. R. Whalley (March 18) on the effects of multinationals...

The cocoa market

From Mr. K. Dodd. Sir—I am writing to comment on the recent irresponsible behaviour of the London Cocoa Terminal Market Association...

Turks & Caicos Islands

From the Chairman. Sir—Having just returned from North Caicos, which is one of the eight inhabited and closely linked islands in the above group, I wish to heartily endorse the views expressed by Mr. Lucien Gubbay (March 10)...

Chemical farming

From the chairman. Sir—John Cherrington's somewhat mordant article (March 11) describing the Paris Agricultural Show...

To-day's Events

- GENERAL. Provisional unemployment figures for March published. Prime Minister on BBC National programme, 5.55 p.m. Mr. John Silkin, Minister of Agriculture, addresses European Assembly...

- COMPANY RESULTS. Associated Portland Cement (full year). Home Counties Newspapers (full year). Labradio Group (full year)...

What's the TD Bank doing in Europe today?



Living up to its reputation.

Toronto Dominion is a Canadian bank which has been building its reputation in Europe for over 60 years. A reputation that is based on our ability to interpret the current business environment and our experience in arranging major sophisticated financial transactions for a wide variety of customers...



World-wide assets exceed CAN \$15 billion. Head office - Toronto Dominion Centre, Toronto, Canada. Regional Office - Europe, Middle East and Africa: St. Helen's, 1 Undershaft, London EC3A 8HU, Telephone 01-283-0011. OTHER INTERNATIONAL OFFICES: Frankfurt, New York, San Francisco, Houston, Los Angeles, Chicago, Singapore, Hong Kong, Jakarta, Bangkok, Taipei, Tokyo, Mexico City, Panama, Sao Paulo, Beirut, Abu Dhabi, Dubai, Teheran.

ow & B...
eaches £6...

& N doubles .K. spending

IF THERE are no major operations during or a further decline in economy, Mr. Patrick, chairman of Turner, all foresees a volume of most of the group's and he would expect improvement in profit in 1976 improved from £11.1m to £12.1m and dividends totalled net per share (as on March 9). Mr. Patrick reports that the planned U.K. capital expenditure for 1977 is £20m. This reflects the group's long-term strength in economy, he says, that it has been made of the rights issue last year and the improved cash generation of companies with the of TAC Construction U.K. company will be in the investment members are to be the principal effect will be to the expansion of the and construction manufacturing interests, are forecast to be faster growing sections, Mr. Gribble says, and is committed to a nation to double vinyl by 1979. The industrial materials will be spending £6.3m, he adds.

Loss down at Miln Masters

THE USUAL first-half loss at seed specialists and plant breeders Miln Masters Group has been cut from £242,170 to £155,926 for the six months to November 30, 1976, on turnover ahead from £1,344,000 to £2,255,233. Once again there is no tax charge. The directors say they anticipate a satisfactory year and intend to pay the maximum permitted dividend. Last year's total was £9,969,850 paid from profits of £572,400. The current year interim payment is up from 2.1p to 2.5p.

Progress for Harry Vincent

FOR THE 26 weeks to December 23, 1976, confectionery and toffee manufacturers Harry Vincent showed a pre-tax profit of £275,000 against £205,291 on sales up £1.29m to £5.89m. The directors state that after a year of relatively stable raw material prices and domestic selling prices, costs have begun to rise sharply and an uplift in selling prices has proved necessary. Sales continue to show an increase and they expect the year's results to reflect progress already made.

A new wholly-owned subsidiary has been formed to acquire properties. Stated earnings per 25p share were better at 12.48p (8.89p) and the net interim dividend is lifted to 1.57p (1.23p). Last year's total of 3,035,000 was paid from profit of £380,200.

Midway rise at Town Centre Secs.

Group revenue before interest charges of Town Centre Securities for the six months to December 31, 1976, rose from £873,477 to £700,351. Pre-tax profit improved from £128,316 to £150,500, and tax took £78,000 (£67,000). The company, a property investment concern, paid a single dividend of 1.53p (the current dividend of 0.66495p net per 25p share in the year 1975-76 from is going to double to second half pre-tax profits of £352,478.

MINING NEWS

Mary Kathleen asks for more time

BY KENNETH MARSTON, MINING EDITOR

CLOUDS STILL overhang the Rio Tinto-Zinc group's Mary Kathleen which made an operating loss last year of \$12.4m (£7,92m) and which anticipates a further loss in 1977. The problems stem from production difficulties and a consequent inability to meet uranium contract commitments.

Mary Kathleen now says that it does not expect to be able to fulfil contractual obligations in the period 1977 to 1980. Purchases are being asked to extend all delivery periods by about three years. The chairman, Mr. Frank Espie, adds that if customers do not agree to the extension request the company could face a substantial liability for failure to deliver.

The mine resumed uranium oxide production early last year and by the end of December it had produced 423 tonnes compared with the original estimate of 791 tonnes. To make matters worse no uranium was exported last year owing to a union ban on transport pending the outcome of the Fox environmental inquiry.

It is believed that the mine borrowed 314.81 tonnes of uranium oxide from the U.K. Atomic Energy Authority in order to meet the May-December 1976 deliveries and that this material must be paid back by the end of 1977. The mine's total approved sales contracts, mostly with U.S. power utilities, have been put at 4,743 tonnes.

Meanwhile, Mary Kathleen is seeking higher prices from its customers, the contract prices having been fixed in 1974 when world uranium prices were much lower. The company says that some customers have already agreed to "substantially higher prices." Mr. Espie comments that a successful outcome to customer discussions is essential if the mine is to continue operations. Current liabilities rose from \$2.82m to \$27.71m (£17.7m) in 1976 in order to alleviate the company's critical financial position the two major shareholders, Comins Resources of Australia (51 per cent) and the Australian Atomic Energy Commission (41.8 per cent), have already agreed to provide up to \$8m to meet Mary Kathleen's requirements until the end of May. Rio Tinto-Zinc eased 4p to 223p yesterday.

GLOBE TO OPEN NEW MINE

A new gold mine, known as Joy 3, is expected to be opened soon in Rhodesia by Globe and Phoenix Gold Mining. This is disclosed in the annual statement by the chairman, Mr. Fraser Bird. Operations at the company's original mine are now confined to the clean-up process, while its

The annual statements of Mr. R. S. Lawrence, chairman of both companies, which are now published with the reports are dated March 4 when the gold price was \$146.

Of Durban Deep, he says that so long as it is considered to be in the interests of shareholders, the company intends to keep the mine in production in the hope that changed conditions will allow a return to profitability.

After taking into account State assistance, net profits last year fell to \$549,000 (£358,948) from \$2,390m, and no dividend was paid. State loan facilities have been made available for the period from July 1976 to end-December 1977.

ERPM is in a similar situation and Mr. Lawrence warns that if the hoped-for improvement in the gold price does not eventuate and if the additional State loans cease at the end of 1977 the company will be faced with making a further reduction in the scale of operations.

This would lead to increased losses at ERPM and the prospect of a suspension of operations in the relatively short term. In London yesterday Durban Deep were 245p and ERPM 295p; during the gold price boom of 1976 both share prices reached £14.

Refusing to die

NOW desperately hoping for a continued rise in the gold price — it was \$157 per ounce yesterday — are South Africa's veteran, low grade, gold producers, Durban Deep and East Rand Proprietary Mines.

Thiess writ in \$100m. Peabody coal deal

THE ACTION, brought by the Australian coal mining and engineering group, Thiess Holdings, to prevent the sale of Peabody Coal's Australian assets to Broken Hill Proprietary hinges on whether a mistake was made in an agreement drawn up 15 years ago between Thiess and Peabody. This is the implication of a writ tendered in a Queensland court by Thiess yesterday. Peabody Coal is a subsidiary of the Kennecott Copper of the U.S., but is being sold to meet U.S. anti-trust regulations. A sale of the Australian assets for \$100m (£53.2m), had been agreed with BHP.

Thiess claims that between October and December 1961 Thiess and Peabody representatives met in Tokyo to discuss plans for coal mines in Queensland, our Sydney correspondent reports. At the time it was agreed, according to Thiess, that if either party wished to sell its share of the venture it would first be offered to the other party.

A memorandum of understanding was drawn up to this effect but a mistake was made in the formal agreement between the two companies signed in March 1962, Thiess claims. In staging its court action, Thiess is asserting what it considers to be its right to first refusal over the Peabody Australian assets or damages of \$445m (£24.5m). In another action Kennecott is claiming that none of the provisions for the sale of Peabody's Australian assets to the BHP subsidiary, Dampier Mining, constitute a breach of the 1962 agreement.

TONGKAH TIN'S PROFITS JUMP

Bearing out the hope expressed in the chairman's statement last December, the Malaysian tin producer, Tongkah Harbour reports a net profit of \$311,08m (£57,163) for the six months to December 31. The net profit for the full year to last June was \$348,213.

Tin concentrate production for the past eight months to end-February amounts to 367 tonnes compared with 270 tonnes in the same period of the previous year. It will be recalled that in the year to last June a labour strike stopped production in the months of January, February and March and the year's total amounted to 404 tonnes. Tongkah Harbour were 63p yesterday.

John...
150

County Bank Limited



"Professional guidance and financial support for British Industry on an expanding scale"

Extracts from the Statement of Mr. Sidney Wild, Chairman of County Bank, in the Report and Accounts for the year ended 31st December 1976.

It is pleasing to be able to report a strong uplift in profits from £2.29 million in 1975 to £4.27 million in 1976. After tax and after payment of dividends of £591,000 to the parent company retained profits of £1,561,000 have been added to reserves. The Balance Sheet as at 31 December 1976 shows total capital and reserves of £15.8 million and total assets of over £494 million. Gross revenue was higher again, attributable to a greater volume of advances (at margins which, on the whole, were a little finer than last year) and to increased contributions from the Corporate Advisory and Investment Divisions. I can, therefore, describe 1976 as a year of progress and consolidation.

Review of Divisions
Corporate Advisory Division again gained a very satisfactory number of new clients during the year and advised in a good proportion of the year's rights issues and merger and takeover operations.

Although the growth of our advances fell short of expectations in 1976, there are now signs of reviving demand for the services of our Finance Division. The main objective of this Division is the provision of term money for productive industry with an emphasis on capital investment and exports. During the year we have also continued our support for industry by making further investments ourselves in the equity of both listed and unlisted companies, and this aspect of Finance Division's activity is becoming increasingly important. We were pleased to have co-managed during the year a sterling syndication of £100 million for capital investment in the North of England, one of the few major sterling syndications of last year.

Several new funds were placed under the management of our Investment Division during 1976 and total funds under management are now in the region of

£900 million. Income from U.K. and foreign underwriting and dealing activities has shown a very gratifying increase. We have participated as underwriters in the majority of eurodollar bond issues in 1976, and we have also underwritten a substantial number of United States domestic equity issues.

Branches
All three United Kingdom branches — Edinburgh, Leeds, Manchester — have made significant contributions to our business in 1976, and it is particularly pleasing that Edinburgh has achieved this during its first year of operation.

Abroad, we have opened a representative office in Dubai, and from this base we look forward to servicing our clients' requirements in the Middle East.

General
Interest rates have now fallen sharply from the peak levels of last autumn, but it seems unlikely that there will be any further substantial decline in rates in the coming months. I do not believe that the cost of borrowing on the terms we are now able to offer should be regarded by any progressive management as a deterrent to investment, provided other criteria can be satisfied. Inflation is still with us, however, and this continues to cast doubts upon the adequacy of real returns on capital investment projects, and must remain the prime target for action by the authorities.

As a growing merchant bank we are providing advice, professional guidance and financial support to British Industry on an expanding scale. We aim to give our clients an additional and independent view when sharing with them the responsibility for reaching key decisions on financial and investment matters. We expect to have a busy year in 1977.

County Bank

11 Old Broad Street, London, EC2N 1BB and in Edinburgh, Leeds and Manchester
National Westminster Bank Group

Rolls-Royce Motors

"Our business is excellence"

"Our greatest asset is people and it is the people who work for Rolls-Royce Motors at all levels who have built a successful company — a company which is once again able to announce a significant improvement in its affairs".

- * During 1976 turnover increased by 31% to £104m while pre-tax profit rose by 58% to £9.13m.
- * The production of motor cars exceeded the previous year's total for the fourth successive year.
- * A new range of V-form diesel engines was announced during the year.
- * Investment in new plant and equipment is planned to increase from £5m in 1976 to £13m in 1977.
- * 80,000 square feet of new factory space was completed on schedule at the Car Division at Crewe, 100,000 square feet of new factory has been completed on the Diesel Division site at Shrewsbury and a start has been made on a further 96,000 square feet.
- * The Company continues to attach great importance to exports and last year saw an increase of 42% in the retail sales of Rolls-Royce motor cars in the United States.
- * The Board pays tribute to the hard work and loyalty of all employees and to the confidence shown in the Company by the shareholders.



Preliminary announcement

The consolidated trading results of Rolls-Royce Motors Holdings Limited and its subsidiary companies for the year ended 31st December 1976 (53 weeks) are shown below:

	1976		1975	
	£000	£000	£000	£000
Turnover	104,510		78,669	
Trading profit	9,809		6,267	
Loan stock interest	478		479	
Profit before taxation	9,131		5,788	
Taxation — United Kingdom	2,986	2,107		
Foreign	1,298	4,284	578	2,685
Profit after taxation	4,847		3,103	
Minority interest	11		26	
	4,836		3,077	
Dividends				
Interim paid — 1.65p per share (1975 1.5p)	852		630	
Final (recommended) — 2.2p per share (1975 2p)	1,135	1,867	841	1,471
Retained profit	2,849		1,806	
Earnings per share — basic	9.79p		7.18p	
— fully diluted	8.79p		—	

The weakness of sterling in the last nine months of 1976 brought about a substantial rise in the Company's overseas business and margins and the growth in profits is almost entirely due to increased overseas profits. Direct exports from the U.K. of all products amounted to £38,821,000 (1975 £33,063,000) but Group turnover in countries outside the United Kingdom rose from £36,586,000 to £50,882,000.

Subject to approval by the Company at the Annual General Meeting a final dividend of 2.2 pence per share will be paid on 10th May 1977 to the holders of the existing ordinary shares recorded in the register at the close of business on 12th April 1977.

The earnings per share reflect the increased share capital following the Rights Issue in April 1976 calculated in accordance with the Statement of Standard Accounting Practice No. 3.

The Report and Accounts for the year ended 31st December 1976 will be available from 28th March 1977 and copies may be obtained by request to The Secretary, Rolls-Royce Motors Holdings Limited, Crewe, Cheshire, CW1 3PL.



Close look at a gift horse

By DOUGLAS McWILLIAMS and GILES KEATING

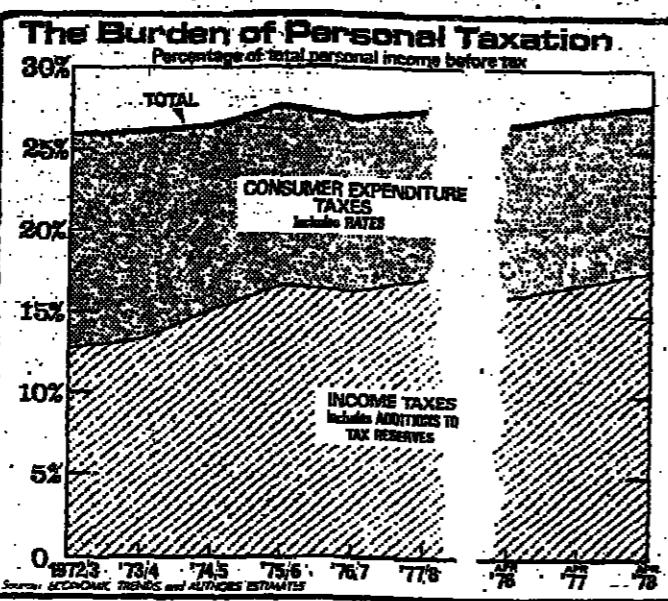
THE CHANCELLOR of the Exchequer is expected to announce the Budget when he delivers his Budget speech on March 23. To the uncritical announcement of any sufficient grounds for it is, however, vital to take account of the fact that increases in tax rates as a result of fiscal changes occur in the form of income tax, other taxes, or higher levels of inflation or wealth so that real incomes are not increased by growth or inflation, or the rate at which tax is levied.

In this article, we look at the burden of the tax (the tax base) in the Budget and look forward to the changes that would result in a financial year if no changes in the tax burden are made. We also calculate the tax burden of the various definitions of personal income.

It is shown how the burden of personal taxation has risen from just under 10 per cent in 1972-73 to 27 per cent in 1976-77. This increase is particularly spectacular, year after year, when incomes have risen very slowly, the tax burden will offset the increase in real pre-tax income and would otherwise be higher.

er rate

In the total tax burden held back by the burden of taxes on income. One explanation of the real yield from taxes, such as those on tobacco and petrol, is partially fixed in the tax rate. There have also been a number of special cases, the consumption tax, which bears a high rate of tax, fell the oil crisis, while in consumers' expenditure by the present have been concentrated in higher than the average, the negative on expenditure taxes



CHANGES REQUIRED IN:		
Indirect taxes	Income tax	Total
To make April 77 burden the same as April 76	£950m. Cut	£950m. Cut
To make year 77-78 burden the same as year 76-77	£260m. Increase	£70m. Cut
To make April 77 burden the same as April 76	£560m. Increase	£1.1bn. Cut

has been offset by tax changes, the most recent being the rise in duties on alcohol and tobacco which came into effect on January 1 this year. Despite this, our forecasts still show the burden of taxes on expenditure falling from over 11 per cent of personal income in 1975-76 to about 10 per cent in 1977-78.

By contrast, the rise in the burden of income tax in recent years has been dramatic. In 1972-73 under 13 per cent of personal income was paid out in tax; by April 1977, on unchanged tax rates, this figure will have risen to about 17 per cent. This implies that the burden of income tax will have risen by about a third in five years. Some of this rise is probably attributable to discretionary changes in tax rates, but most of it has been legislated for and has occurred through the automatic mechanism of fiscal drag.

On our calculations, the burden of taxation on income and expenditure, on unchanged policies, would rise from 26 per cent of personal incomes in April 1976 to over 27 per cent in April 1977 and nearly 28 per cent in April 1978. Between April 1976 and April 1978, on our own forecasts we project

To compensate for changes in the burden of taxation between the beginning of the last financial year and the beginning of the next financial year, the Chancellor will have to cut income tax by just under £1bn.

An alternative, comparison, between the ends of the financial years in April 1977 and April 1978, shows that a further rise in expenditure taxes of about £1bn. a year, and a cut in income tax of just over £1bn. would be necessary in the Budget to keep the tax burden constant from April 1977 to April 1978 if average earnings rise by 10 per cent. To keep the average tax burden constant between the financial years 1976-77 and 1977-78 would require a rise in expenditure taxes on slightly more than £1bn. and income tax cuts of about £1bn.

Paradoxically, although the Chancellor may well be economically justified in his claim that a high rate of wage inflation reduces the scope for tax cuts. The higher the rate of wage inflation through 1977-78, the larger the tax cut necessary to keep the tax burden constant on the forward looking comparisons because a high rate of inflation increases fiscal drag. Even a rate of wage inflation of 20 per cent, through 1977-78, however, would not be sufficient for the tax cut necessary to compensate for fiscal drag between the ends of the financial years to exceed £1bn.

Obviously the scope for tax cuts in this Budget is not just a function of the extra revenue extracted by fiscal drag. The Chancellor must be heavily influenced by the prospects for the rate of inflation and the general development of the economy, as well as by public expenditure decisions already made and the targets for public borrowing to which he has committed himself. But he has raised expectations of real tax cuts. If taxes are cut by less than £1.1bn, then the tax burden will have risen on at least one definition. Unless the cuts are larger than this, therefore, tax payers will have been fobbed off with phoney cuts yet again.

Douglas McWilliams is Senior Economic Forecaster and Giles Keating is an Economic Analyst in the Research Department of British Industry. The article is based on research carried out by the authors in co-operation with the Research Department of the Bank for International Settlements.

JPY 1000000



East Rand Proprietary Mines Limited

(Incorporated in the Republic of South Africa)

The following is from the statement by the Chairman, Mr. R. S. Lawrence:

The problems which had adversely affected the fortunes of E.R.P.M. in 1976 were again present last year and the company went through a very difficult period. A combination of a severe shortage of black labour, large increases in costs and a falling gold price necessitated a major reorganisation of operations which took the form of a reduction in scale effected over about 3 months commencing in July. The mine, which was scaled to operate at a milling rate of 190 000 tons per month, reduced its output to 145 000 tons per month. Subsequent shortages of labour made the achievement of this reduced target impossible. Both white and black labour complements were reduced and capital expenditure was restricted to the minimum possible without jeopardising the ability of the mine to move back into the abandoned areas should financial and other considerations permit.

FINANCIAL RESULTS
The year produced a working loss of R6 542 000. This represented a swing of nearly R8m from 1975 when a working profit of R2 406 000 was achieved. After taking into account State Aid of R3 286 000, an increase of some R5m over the figure for the previous year, R17 000 for taxation on non-mining income, the profit before appropriations amounted to R3 283 000 or some 54 per cent less than in 1975.

Capital expenditure, the greater proportion of which was on the completion of projects commenced in previous years and in respect of which firm orders had been placed, amounted to R25 222 000 and an interim dividend of 5 cents per share absorbed R188 000. Total appropriations thus exceeded the sum available by R2 162 000 and the retained surplus was reduced by this amount to R2 040 000.

STATE LOANS
The gold price which had started the year in the \$130 to \$135 range declined steadily during the first six months and it became evident that even with the reduced scale of operations there would be a significant residual loss after the receipt of the maximum assistance claimable under the Gold Mines Assistance Act. The uncommitted cash resources of the company, which have never been large, were not sufficient to fund these outflows for any length of time and the board was thus faced with the need to decide whether a further drastic cut in the scale of operations would improve the position or whether an application should be made to the State for additional assistance.

Before deciding to approach the State for this additional assistance the board considered whether the interests of members would be better served by suspending operations as soon as possible and realising the company's assets or by securing additional funds in the hope that the gold price would increase and that the mine would once again return to profitable operations. After careful consideration the board decided that every effort should be made to keep the mine operational at as high a level as possible even though this might mean borrowing from the State, thereby creating charges against certain of the company's assets and future profits.

The company's application was sympathetically received and an arrangement, details of which are recorded

in the report of the directors, was entered into covering the period from 1st July 1976 to 31st December 1977. The effect of the arrangement is to give the company the right to borrow from the State, in cash, sums equivalent to the residual loss after the receipt of State Assistance incurred in the 18 months commencing on 1st July 1976. Whether and to what extent the company will avail itself of the facilities will depend largely upon the results of operations in 1977 viewed against the company's need for cash. No drawings had been made at the year end.

OPERATIONS
The reduction in the scale of operations involved withdrawing from lower grade areas in the mine and as a consequence the yield during the latter months of the year improved although the average for the year showed a very slight decline.

The underground labour force was below requirements throughout the year. At the end of December, traditionally the lowest point in the black labour supply curve, the mine had no more than 65 per cent of its needs. The position has improved in the new year. A large proportion of the black labour force engages for relatively short periods spanning the early and middle months of the year and there is inevitably a falling off in strength at the year-end.

The mining industry as a whole is giving much thought to the problem of an even flow of labour throughout the year and the establishment of a pattern which does not result in dramatic fluctuations. A solution has not yet been found but efforts are continuing to change the pattern.

CAPITAL EXPENDITURE
Although the company continued to limit capital expenditure to essential projects, appropriations for this purpose, at R5 222 000, were nevertheless substantial. The main areas of expenditure were underground pumping facilities and water treatment plant on surface R1 986 000, compressed air and electric power supply R1 501 000, underground mechanical equipment R376 000 and rapid yielding props for underground support R172 000. These projects which absorbed just over R4m were commenced in previous years. A restrictive spending policy will be continued until there is a change in the company's circumstances.

THE OUTLOOK
Under conditions in which the company is being sustained by State Aid and may need to draw on the State loan facility, it is difficult to forecast future trends. However, in the belief that gold has an essential long-term role to play and that even after the recent improvement it is still underpriced, your board decided that it would be to the benefit of members to maintain the company in a state which enabled it to take advantage of improvements in gold revenues in future.

If the hoped-for improvement in the gold price does not eventuate and if the additional State loans cease at the end of 1977 the company will again be faced with the prospect of the rapid dissipation of its cash resources. A further reduction in the scale of operations can only lead to increased losses and there will probably be no alternative to a suspension of operations in the relatively short-term.

The 31st annual general meeting of East Rand Proprietary Mines Ltd. will be held in Johannesburg on 21st April 1977. Copies of this statement and the annual financial statements are obtainable from the office of the secretaries in the United Kingdom at 40 Holborn Viaduct, London EC1P 1AJ or from the U.K. transfer secretaries, Charter Consolidated Ltd., P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

LEGAL NOTICES

No. 8974 of 1977
In the HIGH COURT OF JUSTICE
Chancery Division Companies Court. In the Matter of D. S. BLEACH (ELECTRICAL ENGINEERS & CONTRACTORS) LIMITED and in the Matter of THE COMPANIES ACT 1948.
NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 14th day of March 1977 presented to the said Court by THE WHOLESALE FITTINGS COMPANY LIMITED whose registered office is situate at 21-23 Rumbold Road South, Dagenham, Essex, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, W.C.2A 9LL on the 4th day of April 1977, and any creditor or contributory of the said Company desiring to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose, and a copy of the Petition will be furnished to the undersigned on any creditor or contributory of the said Company being such copy on payment of the regulated charge for the same.

POLLARDS
11, Soko Square,
London, W1V 5DE.
Ref: 127
Tel: 01-49 4741
Solicitors for the Petitioner.
NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or if a firm the name and address of the firm and must be signed by the person or firm or his or their solicitor if any; and must be served, or if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 1st day of April 1977.

No. 00664 of 1977.
In the HIGH COURT OF JUSTICE
Chancery Division Companies Court. In the Matter of KILPATRICK AND BRANCOMBE LIMITED and in the Matter of THE COMPANIES ACT 1948.
NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 17th day of March 1977 presented to the said Court by the above-named KILPATRICK AND BRANCOMBE LIMITED, 19 Crown Point Parade, London, S.E.19, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, W.C.2A 9LL on the 22nd day of April 1977, and any creditor or contributory of the said Company desiring to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose, and a copy of the Petition will be furnished to the undersigned on any creditor or contributory of the said Company being such copy on payment of the regulated charge for the same.

CHARLES BLUNT & CO.,
11 Soko Street,
London, E.C.2.
Ref: M.G. Tel: 01-742 5338
Agents for: J. W. FAIRS & CO.,
741, Easton Road, East
Oxford, Oxford.
Solicitors for the Petitioner.
NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or if a firm the name and address of the firm and must be signed by the person or firm or his or their solicitor if any; and must be served, or if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 22nd day of April 1977.

COMPANY NOTICES

PERUVIAN NATIONAL LOAN
5% EXTERNAL SINKING FUND BONDS
(SECOND SERIES)
S. G. WARBURG & CO. LTD (Incorporated in the Republic of South Africa) announces that coupon No. 17 of the above-named loan, which was due on 1st March 1977, has been paid in full on behalf of the issuer. The Financial Times, on 1st October 1976, may now be lodged for delivery.
S. G. WARBURG & CO. LTD
22, Gray's Inn Road, London, W.C.1.
1st March 1977.

THOSE REQUIRING THE FT DAILY, PLEASE SIGN BELOW:

Dare you circulate this?

If you did, you'd probably be amazed how many people would want the FT—and quite rightly. Shouldn't your departmental heads and executives be as well-informed as you are? Make sure they all have their own copies of the FT—every day.

In these competitive times everyone in business needs the

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER



「Chemical Bank がアメリカのほかの国際的銀行とちがう点は、お金ではありません。誠実さです」



“The difference between Chemical Bank and the other large U.S. international banks isn't money. It's loyalty.”

More than money. In any language. **CHEMICAL BANK**
Chemical Bank House, 100 Strand, London WC2R 1ET, Representatives Offices: Scottish Provident House, 1-2 Waterloo Street, Birmingham; Charlotte House, 17 Charlotte Square, Edinburgh; Main office: New York, N.Y.; Bahrain, Beirut, Bermuda, Brno, Buenos Aires, Caracas, Havana, London, Lyons, Madrid, Mexico City, Milan, Montreal, Nassau, Paris, Rio de Janeiro, Rome, San Francisco, Sao Paulo, Singapore, Tokyo, Zurich.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Volvo denies crisis and reports earnings up 11%

BY WILLIAM DULLFORCE

VOLVO'S managing director, Mr. Pehr Gyllenhammar, emphatically denied that the Swedish car and manufacturing group was in a crisis when he presented the final 1976 figures here today. These differ little from the preliminary report issued in January and show an 11.6 per cent. increase in earnings to Kr.533m. (580.2m.) and a 15 per cent. increase in turnover to Kr.15,749m. (21,170m.). Adjusted earnings per share were Kr.15.50 against Kr.15.00.

Small faults

The group had increased productivity by more than 8 per cent. last year and hoped for similar improvement this year. Price sensitivity was lower for Volvo's quality cars but investment in productivity was needed to prevent the cost gap to the Japanese cars from growing.

GOTHENBURG, March 21.

Working capital for expansion. Against earnings of Kr.582m, Volvo invested Kr.710m. last year, a substantial decline from 1975, when just over Kr.1bn. went to capital investment. Ordinary depreciation in 1976 was Kr. 560m., against Kr.487m. The first of the new 343 model produced by Volvo Car BV in Holland had many small faults, Mr. Gyllenhammar conceded, but most car industry observers agreed that basic construction was good. The company was recalling early models for re-fitting and was not delivering from stocks until faults had been rectified. Measures to improve production quality were advanced. The Dutch plant would not make a profit in 1977.

Ferrari chief to focus on racing

By Paul Betts

ROME, March 21.

SIG. ENZO FERRARI, the founder of the Ferrari motor racing "stable" has resigned as president of the Ferrari car group in which the Turin-based Fiat company now holds a 50 per cent. stake. Sig. Ferrari, a former racing champion, announced his resignation over the weekend in a letter to the Board of Secaf, the Ferrari holding company. Although the official reason given for the resignation of Sig. Ferrari is his advanced age, it is understood that the so-called "patron di Maranello", named after the Ferrari headquarters in Emilia Romagna, resigned because he wanted to focus on the company's international racing activities at a time when the group's activities are expanding. Ferrari last year produced some 1,500 cars, of which about 70 per cent. were for export. Sig. Ferrari, however, said that he intended to remain as the company's racing director, as he has been doing since he was 17. He is quoted as having recently remarked: "I no longer feel like signing commitments for the company tied to the activities of Fiat and its newly acquired Arab interests. I only understand engines. I only understand engines."

Peugeot, Renault moves in Poclairn-Case deal

BY DAVID CURRY

PARIS, March 21.

THE FRENCH Government is insisting on modifications in the agreement between the hydraulic excavator manufacturer Poclairn and the American public works equipment builder J. I. Case under which the latter will take a 40 per cent. stake in the French concern. In order to reinforce the weight of French interests in the new structure and guarantee a French blocking shareholding, it has arranged for Renault, the State-owned motor company and its private sector competitor Peugeot each to take small participations in Poclairn. It is thought that a handful of financial interests, including Credit du Nord (Paris group) and Credit Lyonnais, a State-owned company, could also participate in Poclairn's capital. Both banks are Poclairn creditors. The Government had devoted considerable energy to find a French company willing to step into Poclairn to bring fresh capital into the crisis-ridden company. Poclairn itself had always preferred to seek a partner in the same basic business as itself and one which would enlarge its marketing horizons - criteria which in practice meant looking to the U.S. In the event the Government has admitted its failure to find a "French solution" but has, nonetheless, insisted on safeguarding the French character of the company by using the minority stakes of heavyweight French companies as "anchors" against both Renault and Peugeot had been approached by the Government as possible partners for Poclairn and both had unequivocally said no. It seems likely that their

stake is intended to be purely symbolic or, in the words of one of them "it's simply a visiting card." It is understood that each will have around 5 per cent. It is not yet clear how the new shareholdings will fare together. Case will have 40 per cent. as originally envisaged, and it seems likely that the new shareholders will subscribe to a slightly larger capital increase than originally envisaged rather than eat into the shareholding of the Bataille family. If this is the case then the company will be owned 42 per cent. by Case, around 25-26 per cent. by the Bataille family, some 10 per cent. by Renault and Peugeot and, possibly, financial institutions, and the remainder spread around the small shareholders. This would, thus, lock away from French hands more than a third of the shares safe from the Bourse and constitute a blocking minority. The original deal with Case was for the American group to pay Frs.185m. for new shares and a further Frs.130m. for certain overseas assets. It is not known whether the government has decided to permit this disposal of Poclairn assets to go ahead and next to illustrate the same thesis. The reconstruction of the agreement is a useful illustration of the French Government's attitude to foreign investment and industrial regrouping. It is part of the basic philosophy of the French Government and particularly of the very interventionist-minded conservative-liberal regime of President Giscard d'Estaing, that the main-

tenance of French sovereignty requires the creation of French industrial concerns of international weight able both to serve the home market in the interests of the balance of payments and to compete overseas. This restructuring is achieved ideally through the consolidation of French concerns into larger units, but the government has not hesitated to call in overseas capital when this offered necessary technological expertise and wider access to the U.S. market. Unsolicited offers have generally been received coldly but once an American solution becomes inevitable or desirable (Poclairn illustrates the first case, CII-Honeywell Bull the second) the efforts of Paris are to seek positive guarantees of the French character of the undertaking. Companies involved in regrouping have it made plain to them where their national duties lie, and such relocations can involve the redistribution of substantial assets (the nuclear industry is a case in point) and the paper and board industry looks like being the next to illustrate the same thesis. Poclairn was one of the comparatively rare cases of a French company growing from a small family concern into a world-wide business by its own efforts and French capital. Its need to seek a partner from the U.S. was a difficult pill for the French Government to swallow, but by insisting on local broadside at a marriage about which it is lukewarm it has made sure that the menage will remain French.

SCHLUMBERGER LIMITED

The following is the Statement of the Chairman and President, MR. J. RIBOUD, which has been circulated to Shareholders with the Annual Report for 1976.

A year ago, almost to the day, I was cautioning our stockholders not to expect in 1976 a repeat performance of the previous two years. How wise are the men who hesitate to predict the future, particularly future earnings? Net income in 1976 recorded another leap forward, a 34% increase over 1975, on a 16% increase in revenue. As in the previous three years, the "wireline" or logging services to the oil industry were the major contributing factor in the growth of net income and revenue. Activity in North America set new records in every region, from Alaska to the Gulf Coast, from California to Northern Alberta. In every type of operation whether open hole logging or cased hole completion, whether on land or offshore, whether on oil wells or gas wells, all countries of South America had higher revenue except Peru. In the Eastern Hemisphere, although at a somewhat slower pace than in previous years, continued progress in the North Sea, North Africa and the Middle East more than offset the steep decline in revenue and net income in Indonesia. Drilling & Production Services increased both revenue and net income. Forex Neptune with higher drilling revenue in 1976 was able to match the previous year's net income, a commendable achievement in a period of declining daily rates for large offshore units. All other drilling and production units, Flopetrol, Johnston, Dowell Schlumberger (50% owned) had improved results. This performance of our oilfield service units is truly unique. Last year, I made several field trips to see our crews at work. They do an incredible job and despite too many statements that one bears or even reads, the youngest are the most enthusiastic, the most energetic, the most dedicated. Measurement & Control operations in North America achieved substantial gains in revenue and net income. The best gains were made by the Energy Management division of Sangamo Weston and by Heath. Measurement & Control-Europe results for the year were inconclusive. Expressed in U.S. dollars, net income was even with the previous year, as the French franc and the pound sterling declined throughout the year. Expressed in local currencies, solid progress was achieved in most divisions, particularly energy management and fluids; some weaknesses in orders and shipments was noticeable at the Mechanical and Industrial Valve divisions. Sometimes our Measurement & Control people get a temporary inferiority complex when they compare their results to the exceptional success story of the oil-field services. And yet the five-year summary of operations shows that the operating income of Measurement & Control units worldwide grew from \$15.4 million in 1972 to \$77.4 million in 1976. By any standard, nothing to be ashamed of. Progress recorded in the profit and loss

statement receives more publicity than figures in the balance sheet. Yet during 1976 improvement in the balance sheet was as impressive. Net liquidity, that is cash and short-term securities minus debt, increased \$72 million during the year and \$75 million for the fourth quarter alone. This large increase was made after an investment of \$187 million in fixed asset additions. It was certainly due to higher earnings and depreciation but also to a better control of inventories and receivables in every operating unit, in every country. On December 9, 1976 the Board of Directors increased the dividend 50% and split the stock three shares for two. The year 1976 belongs to the past and this is no time to rest on our laurels. Recently, I outlined for the Board and for the management the main challenges, the main avenues of our future. There are four of them. 1. "Wireline" or logging services will grow faster in the ten years to come than in the past few years. They will grow faster than drilling activity. The introduction worldwide of fully computerized instrumentation is opening a new era and will revolutionize the technique of logging. 2. The technology of drilling will undergo dramatic changes in the next five years. The vast knowledge of drilling an oil well, accumulated over almost a hundred years, will be gradually complemented by modern instrumentation and data acquisition for safer, faster, and cheaper drilling. The capabilities of Forex Neptune to understand and study drilling problems, the first results achieved by our "Measurement While Drilling" research and engineering group, our association with The Analysts—a growing and successful venture in the mud logging and drilling data field—all of these together should enable us to contribute in a major way to this evolution. 3. In the complex and diversified area of production tools and services for the oil industry, we have good products and field organizations. As we further develop these products and put together a more effective worldwide field organization, we will achieve a position of leadership in the market for production tools and services. 4. Our Measurement & Control operations cover Europe and North America in a variety of products. In this diversity, we believe that one product line—we call it Energy Management—has an unusually great potential. A major part of our annual report is devoted to energy management. It describes the products we have, the new products we are developing, the future of those products. If we are capable of effectively co-ordinating our efforts on both sides of the Atlantic and of adapting them to the electricity of the utilities to meet the demand for electricity, we will be successful. These challenges are simple and clear. They are realistic but they will require all our resources in human talents, in research capabilities, in money.

Table with 5 columns: 1976(b), 1975(b), 1974, 1973, 1972. Rows include Operating revenue, Cost of goods sold, Operating income, Other income, Income before taxes, Net income, Per common share, Cash dividends, Average number of common shares, Price range per common share.

Certain information relating to directors' share dealings and group companies, required by The Stock Exchange in London to be made available, may be inspected during the next three weeks during usual business hours at Klemmertz, Benson Limited, 34 Lines Street, London EC3M 7LX, from whom copies of the 1976 Annual Report may be obtained.

DUTCH NEWS

Nationale in Middle East

BY MICHAEL VAN OS

NATIONALE-NEDERLANDEN, the insurance group, is to start activities in the Middle East. A start will be made in Saudi Arabia initially, but it is hoped to add the Gulf states at a later stage while other countries are also being eyed. The executive board said today that Netherlands Insurance Company, through which Nationale conducts its international operations, is to enter Saudi Arabia within the next few months. Because of local regulations, the company will be represented by a locally-formed Saudi Arabian company called Bamagaddam Office of Trading Companies. It will be managed and controlled by Husni Heath and Co., in which Mr. Georges Husni and his partners, who were previously based in Beirut, are the majority shareholders. Brokers and underwriting agent C. E. Heath and Co. have

EUROBONDS

\$Can. success for ESSC

By Mary Campbell

THE EUROPEAN Coal and Steel Community's \$25m. issue was priced yesterday at 100 1/8 on a 9 per cent. coupon as indicated. Apart from the quality of the name, dealers said that the success of the issue could be probably be attributed to sufficient Eurobond investors feeling that the Canadian dollar is at the least unlikely to fall from current levels. The U.S. dollar sector of the market continued quietly firm yesterday with prices more or less unchanged from Friday's levels. Though they have not yet seen allocation dealers expect the Incheape issue to open at a premium. The Incheape share price moved to 383 1/2 yesterday from Friday's 390 1/2 quotation. Announcement of a DM200m. five-year issue is expected within the next couple of days with Deutsche Bank as lead manager. A coupon of 6 1/2 per cent. is likely. Austria's DM150m. issue has been priced at par on a coupon of 6 1/2 per cent. as indicated.

WESTLAND-UTRECHT

WESTLAND-UTRECHT, the mortgage bank, is to float a \$15.33m. of subordinated notes to reinforce capital ratios. At the same time, it was announced here that the 1976 net profits have risen substantially while the dividend will be raised. The company said that net profits have risen by at least 37 per cent. to Fls.30.5m. from Fls.22.2m. in 1975. The operating result has gone up at least 37 per cent. to Fls.73m. (Fls.58m.) after Fls.7m. had been added to the special reserves. The deduction for taxes rises to Fls.54m. (Fls.22m.). Westland-Utrecht added that on the basis of the proposed profit distribution, Fls.19.7m. will be added to the "open" reserves which will rise to Fls.160.7m. as a result. The board has proposed a dividend of Fls.16 per Fls.50 share, which compared with Fls.12.80 the year before. The statement said that at the beginning of April, the prospectus will be published for the Fls.33m. subordinated bond loan, whereby every bond will be provided with two warrants. Both warrants will entitle the purchaser to two (certificates of) shares in Westland-Utrecht. The first short-term warrant is for four months for the purchase of two (certificates of) shares below the board price at the time of the issue, while the second gives a ten year entitlement to the purchase of two (certificates of) shares above the named board price. For the bonds, as well as for the two types of warrants, stock exchange listing will be sought.

SELECTED EURODOLLAR BOND PRICES

Table with columns: Bond Name, Bid, Offer, Bid, Offer. Rows include Alcan 9 1/2% 1982, Amstar 9 1/2% 1982, Borden 9 1/2% 1982, etc.

Pacific Gas and Electric Company advertisement for 4,000,000 Shares of 9.30% Redeemable First Preferred Stock. Lists various financial institutions and dealers.

Savings banks rapidly advertisement. Text: Savings banks rapidly... Girozentrale... Last year was a business year for Girozentrale...

Handwritten Arabic text: هكنا من الصلوة

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Mexico passes critical foreign financing stage

BY CAMPBELL
passed a critical stage... group and Westdeutsche Landesbank Finanz...

proven reserves of 11bn barrels... when it is published at the end...

MATSUSHITA

After the 'revolution'

BY DOUGLAS RAMSEY IN TOKYO

MR. TOSHITAKO YAMASHITA... law, Mr. Konosuke Matsushita...

appointment is not revolutionary... To observers though, the...

not clear, but Mr. Yamashita... professes to have no strong...

Certainly, Mr. Yamashita has... almost no overseas experience...



Mr. Yamashita, president

Mr. Matsushita, chairman

Put simply, the choice of Mr. Yamashita was revolutionary... the staid standards of Japanese...

chairman and president were... that Mr. Yamashita will be...

How the senior Mr. Matsushita... hopes to remedy the situation is...

Capital increase at Sandoz

By John Wicks ZURICH, March 21

THE SWISS chemical company, Sandoz AG, of Basle, proposes...

The board is also recommending... the splitting of existing Sw.Fr.250...

FINISH COMPANIES Hidden dividend

BY WILLIAM DUFFLORCE STOCKHOLM, March 21
The Swedish metals... concern, maintained unchanged...

The latest economic data to... become available on Mexico...

After unspecified appropriations... improving the pre-tax total...

Higher interest rates are... anticipated later this year...

ESTIC BONDS French market surprised

BY MAULINE CLARK
FRENCH bond market was... surprised yesterday by...

Higher interest rates are... anticipated later this year...

FINISH COMPANIES Foreign interests help

BY ANNE KEYWORTH HELSINKI, March 21
Kymmene's consolidated... financial 1976 increased...

Turnover increased by 17 per... cent to Fmk.634m. (1976m.)...

Tauernautobahn Aktiengesellschaft \$30,000,000 8 1/4% Guaranteed Bonds due 1987 Irrevocably and Unconditionally Guaranteed as to Payment of Principal, Premium, if any, and Interest by the Republic of Austria

FINANCIAL TIMES SURVEY

Tuesday March 22 1977

Air Transport

Increasing competition on the world's air routes has led to a major revision of the U.K.'s civil aviation policy. The priorities now are for an agreement to allow the Concorde to land in New York and also for a settlement of the arguments with the U.S. over North Atlantic and other air routes.

Strained relations

This Survey was written by Michael Donne, Aerospace Correspondent

AVIATION policy in the U.K. has been undergoing some rethinking in recent months with the aim of preparing for a renewed growth, which is expected to be accompanied by tougher competition, that should be seen in the home and overseas markets.

There seems to be little doubt that the long-term future of world civil aviation is bright. Despite the economic recession of the past few years, from the oil crisis of 1974 and the subsequent recession, there is a general belief that civil aviation is facing a promising future. Already, despite a 1974 and 1975, world air traffic rose last year by 10 per cent, and is expected to continue rising at an annual rate of 8 per cent. In the U.K., the growth of air traffic has been close to 10 per cent.

The U.K. has been successful in renegotiating the current Anglo-U.S. civil aviation agreement upon which a substantial part of the future of U.K. air transport depends—fares, routes, revenues, seating capacities and cargo and charter operations.

The U.K. formally gave notice to the U.S. last summer that it intended to terminate the existing Anglo-U.S. bilateral air agreement covering all air services between the two countries, with effect from June 22 this year. Negotiations are now in progress in an attempt to hammer out a new pact to become effective on June 23.

Considerable significance attaches to this, because the principles embodied in the current Anglo-U.S. pact (called the Bermuda Agreement after the venue of the discussions on the original agreement in 1946) has been adopted by many countries as the model for their own bilateral civil air agreements with the U.S.

reaction, with a view to modelling their own attitudes upon it. If Concorde is eventually permitted to fly into New York, the negotiation of additional route rights elsewhere—to South Africa, across India, to Japan, and across the Soviet Union and to parts of the Middle East, such as Tehran—looks likely to become easier. Upon this route expansion in turn depends the chances of not only making money with the aircraft in passenger service, but also of selling or leasing the remaining five Concorde still on the production line, and perhaps the possibility of the two governments authorising production of additional aircraft.

All of these are intermingled, even tangled, threads in a U.K. civil air transport policy, that is still only now being unravelled. It may take months before all or even some of these problems are resolved. But the key issue is probably the need successfully to renegotiate the current Anglo-U.S. civil aviation agreement upon which a substantial part of the future of U.K. air transport depends—fares, routes, revenues, seating capacities and cargo and charter operations.

The U.K. formally gave notice to the U.S. last summer that it intended to terminate the existing Anglo-U.S. bilateral air agreement covering all air services between the two countries, with effect from June 22 this year. Negotiations are now in progress in an attempt to hammer out a new pact to become effective on June 23.

Considerable significance attaches to this, because the principles embodied in the current Anglo-U.S. pact (called the Bermuda Agreement after the venue of the discussions on the original agreement in 1946) has been adopted by many countries as the model for their own bilateral civil air agreements with the U.S.

the U.S. on airline earnings. On the U.K.-U.S. North Atlantic route, earnings have for long been heavily in favour of the U.S., and when earnings from the routes to Bermuda and Hong Kong are included, the overall imbalance is even worse. The U.S. airlines, for example, can earn in a year £293m, against the U.K. airlines' £130m. At the same time, there has been massive waste of resources through too many seats chasing too few passengers—the problem of "over-capacity."

This the U.K. wants to see reduced, not only because of the financial problems that over-capacity causes, but also because of waste of fuel resources, manpower and money involved, which often results in fares being higher than they need be.

Benefits

Yet another problem has been the exceptional benefits enjoyed by U.S. airlines in what are known as "fifth-freedom" rights—the ability of U.S. operators to pick up traffic in, say, London and carry it on to Frankfurt, in competition with British Airways. The U.K. has felt increasingly that the U.S. fifth-freedom rights were too great, and that there should be a fairer balance in the rights enjoyed by both sides.

The U.K. has also become weary of the U.S. Civil Aeronautics Board negotiating habits—for example, permitting the world's airlines through the International Air Transport Association to reach agreement on new fares policies for the North Atlantic, and then pronouncing a veto on them at the last minute—as happened with North Atlantic fares last spring.

For all these reasons, the U.K. has pressed its attack vigorously in the discussions held so far. Now, however, it is apparent that the U.S. has recovered, and is returning to the attack in its own right. The last series of talks in London in late February were much tougher than the previous discussions.

If there is one special reason in particular for this it is the decision by the U.K. to insist upon what is called "single-designation."

This has been one of the main planks in the U.K. argument hitherto—that each country should permit only one of its flag airlines to fly

between specific cities ("city-pairs") in each country. If pursued to its logical conclusion this would mean, for example, either Pan American or Trans World Airlines giving up rights on the New York-London route, which each currently flies.

But the U.K., having pressed this argument, may well be obliged to revise it, however, as a result of the decision taken earlier this year by Mr. Edmund Dell, Secretary for Trade, to reverse the U.K. Government's original stand, and support, instead of object to, the low-fare Skytrain services proposed by Laker Airways.

Whereas initially the U.K. approved Skytrain (a plan for no-reservations, scheduled flights between Stansted and New York) it subsequently decided to reverse that attitude, under the new civil aviation policy framed by Mr. Peter Shore, when Secretary for Trade, in early 1976. It was that policy which created the new "spheres of interest" for British Airways and British Caledonian (allocating each airline specific parts of the globe as their exclusive areas of operation under the U.K. flag). The "spheres of interest" plan involved some substantial route-swapping between BA and B.Cal, with BA giving up its three northern South American points (Caracas, Lima and Bogota), and B.Cal giving up its rights to New York, Los Angeles and other North American points, with the exception of Atlanta and Houston, which it retained.

Thus, under this policy there was no room for Laker's Skytrain, and the U.K. Government made it clear that it was planning to rescind Laker's designation as an Atlantic scheduled airline. Laker, however, decided to fight, and after a long series of triumphs in lower courts, was finally vindicated in the Appeals Court late last year, when it was ruled that the U.K. Government had gone beyond its powers in seeking to relieve Laker of its Skytrain licence.

Convenient

It was then up to Mr. Edmund Dell (who in the interim had succeeded Mr. Shore as Secretary for Trade), to decide whether or not to appeal to the House of Lords (in which case he would be jeopardising the entire new "spheres of interest" policy), or to accept the Appeals

the bilateral discussions, which were already showing signs of becoming much tougher as a result of the U.S. strengthening its negotiating team, under the leadership of Mr. Alan Boyd, a former Transportation Secretary and former chairman of the Civil Aeronautics Board.

There is still some time to go, however, before the old agreement expires, and the new one is intended to become effective. Much can happen in that time, with changes of attitudes on both sides. At this stage, it does not seem likely that, on June 23, there will be sudden cessation of air services between the two countries just because of failure to agree on a new pact. Certainly, the U.K. is hopeful that even if the discussions prove to be more protracted than expected, services can continue on the same basis as before, pending final agreement.

The U.S., however, takes a tougher line. It argues that the U.K. has denounced the old agreement, and has complicated the negotiations on a new one. If no pact is forthcoming by the end of June, the U.K. must therefore bear the consequences. The only counter to this is that the U.S. already benefits more than the U.K. from the old agreement, single-designation plan, and is thus not likely to disrupt matter how much it might want air services and inconvenience to call Laker Skytrain a large number of U.S. citizens "separate issue" dealt with in the middle of the peak summer season.

But it is clear that it is going to be a long, cold spring in the Government's about-turn on transatlantic civil aviation. The Laker issue has complicated relationships.

Renowned suppliers of

Avionic systems equipments

Weather radar systems, Autopilots, Communication Transceivers, Navigational Aids, Ramp/Bench Test Equipment, E. W. Systems . . . etc. . . plus Airfield Support Equipment. Whether your application be in the Military, OEM, Airline, Business or General Aviation field, FieldTech can help you . . . PLUS . . . of course . . . Technical, full Engineering and Service facilities . . . Send for details!

FieldTech Ltd

LONDON (HEATHROW) AIRPORT, HOUNSLOW, MIDDLESEX
Phone: 01-758 2511. Cat/Ccs/Teletypes: FieldTech London/Airport
Telefax: 23754

IDS FANJET LIMITED

A LEADER IN BUSINESS AIRCRAFT CHARTER

TWO FANJET CESSNA CITATIONS
TWO PISTON PIPER NAVAJOS
OPERATIONS IN
U.K. AND THE MIDDLE EAST



- ad hoc charter or term contract basis.
- high operational standards; two pilot crews. Full C.A.A. approval.
- private company aircraft operated under management contract.

Further information please contact:

Mr. A. I. Sutherland
Managing Director
IDS FANJETS LIMITED
Harlen House
44 London Road
Staines, Middlesex
Tel: Staines 52611
Operations 58151
Telex: 8811073

Airport. 38 mins Victoria. Easy access and parking. Fully mod terminals, bars and restaurants. Suit businessman.

Gatwick has three big advantages. You can get there easily. You can park there easily. And you'll like it.

Your train is waiting

Gatwick is one of the few airports in the world that has its own railway station. You walk off the platform and into the terminal. It's just 38 minutes from Victoria (where British Caledonian have a check-in terminal) and has connections with all the major towns on the South Coast.

Easy parking

It's easy to drive to Gatwick too. The A23 and M23 take you right into the new multi-storey car parks from there, a covered bridge with a moving walkway takes you into the terminal building.

Excellent facilities

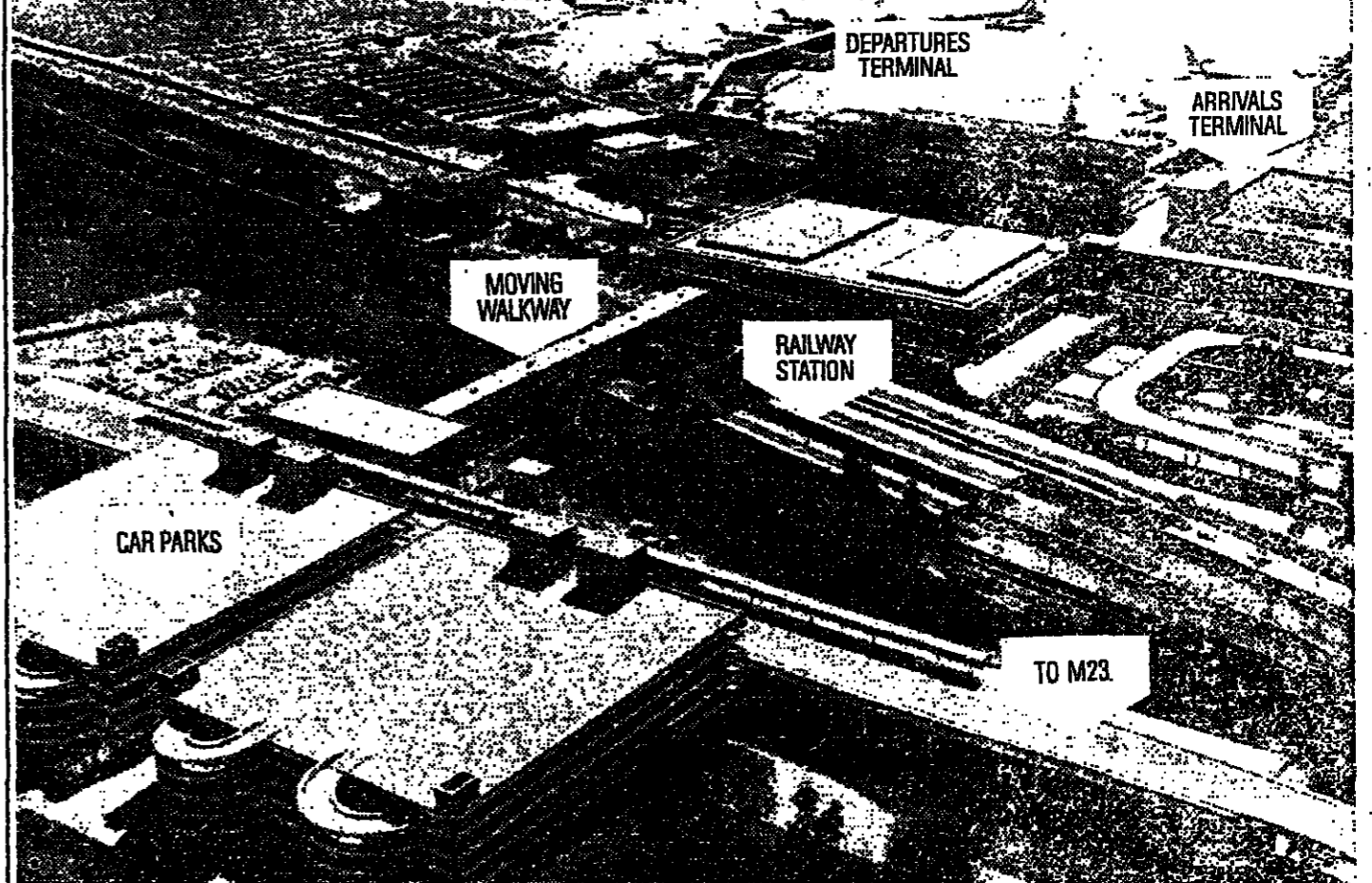
We are spending £70 million on giving your business trip a good start at Gatwick. There's a lot more room now—the new international arrivals building has doubled the size of the passenger terminal. And there's a choice of restaurants (if we meant cafeterias we'd have said so) and bars where you won't find a warm gin and tonic in sight.

There are more than 50 scheduled destinations. So next time you fly, go from Gatwick. You could be in for a pleasant surprise.



terminal area at Gatwick. The British Airports authority is in the final stages of a £70m. development scheme, which will enable Gatwick to handle passengers a year—it currently handles 6m.

The new central pier (at left in the picture) will enable many more wide-bodied jets like this McDonnell Douglas DC-10 Series 30 which has just been acquired by British Caledonian to use Gatwick.

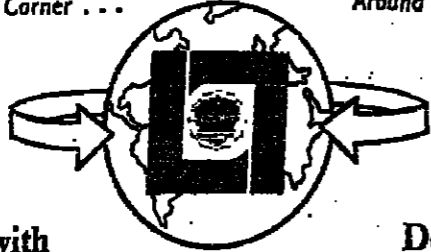


Gatwick Airport. New. Improved. Quicker.

LOOMIS COURIER SERVICE

Around the Corner . . .

Around the World



Safety with

Despatch

On Board Couriers to Hand Deliver your time sensitive and confidential documents to major cities in:—

- | | |
|---------------|-------------|
| EUROPE | MIDDLE EAST |
| FAR EAST | AFRICA |
| U.S.A. | CANADA |
| SOUTH AMERICA | PACIFIC |

For further information please telephone 01-751-2140 Telex 936135

or send for brochures to:—

Loomis Courier Service, Inc.,
4, Station Approach,
Ashford, Middlesex,
England. TW15 2QN.

Air Taxi Service for United Kingdom and the Continent
Aerial Photography and Servers
Air Freight

World wide charter from the smallest to the largest aircraft both freight and passengers.

LEAVE AIR
Operations Department, Humberstone Airport,
Kirmington, Ulsby, Lincs. Tel. Barnetby 581 Telex: 52482

FLY MLL AIR CARGO

to and from West Africa, the Gulf and the Far East

The MLL Group of Companies

MLL UK MLL Air Cargo Roper Road, Feltham Middlesex Tel. Ashford (U.K.) 43701 Telex: 8311245 M. LN	MLL HONG KONG Tel. 3-455004 Telex: 73129	MLL LAOS Tel. 21359	MLL BURAI Tel. 32525 Telex: 5451	MLL ZAMBIA Tel. Lusaka 7-6111 Telex: 53120	MLL KANO Tel. 2437
--	--	-------------------------------	--	---	------------------------------

MLL AUSTRALIA
* Commences Spring 1977

British Midland Airways

The Whys

More and more people are discovering the convenience of our routes and timings. They're finding they prefer our friendly service. And on selected routes, they're enjoying even more comfort as we introduce DC9 jets.

Other airlines too, recognise our high standards of efficiency. Twenty-four international carriers have already used our leasing service—earning valuable foreign currency for Britain.

These are just some of the reasons behind the continuing growth of Britain's second largest independent scheduled service airline. And why, if we're going your way, you should fly British Midland Airways.



British Midland Airways Ltd.
East Midlands Airport, Nr. Derby.
Tel: Reservations 01-492 0864 or Derby (0332) 810552



OVER THE past few months, a major reconstruction has been in progress at British Airways, the country's biggest international flag airline, which is designed to streamline its management and its overall capabilities for the tougher international conditions that lie ahead as the world's air transport industry moves back into a period of growth after the difficulties of recent years.

The process of change at British Airways has been continuous since it was created in 1971 by the amalgamation of the former British Overseas Airways Corporation and British European Airways, under the chairmanship of Sir David Nicolson. There were many, both inside and outside the two airlines, who thought and still think that such a merger was unnecessary, and even detrimental to the long-term interests of both operations. Indeed, breaking down the entrenched hostility to amalgamation was one of the major tasks faced by Sir David in the initial period of the new British Airways' life, and which was also encountered by Mr. Henry Marking, as deputy chairman and managing director in the interim period before the latest chairman and chief executive, Sir Frank McFadden, took over the post full-time in mid-1976. Even to-day, many of the old loyalties still remain, and it is possible that it will take some further time before a truly complete identification with the image and aims of the

new British Airways is obtained throughout the airline. It was Mr. Marking who recognised that there was a danger of the airline becoming too rigidly compartmentalised under the concept of a European, Overseas (long-haul) and Regional (U.K. domestic and near-Continental) divisional structure, and who set up the task force whose primary task was to study the problem and make recommendations.

In the event, it is upon Sir Frank that the burden of implementing the reconstruction has fallen, and everything that has emerged in recent months indicates that he is undertaking this task vigorously. He cited his reasons for the reorganisation some time ago as being: "All round the world the signs are that the commercial environment in which BA operates is becoming more competitive, less protective, more demanding of aggressiveness and efficiency. As it changes, BA must change with it. That is what we are doing. Recasting our organisation to become unmistakably one strong, united airline and streamlining our top management will lead to a leaner, sharper, more effective structure all down the line. It will make us more competitive, and that should mean greater profitability."

Changes

Although the changes that have been and are being made have not yet had a chance to work through, and produce the results Sir Frank is seeking, the changes are being constructed on a sound base. Financial figures issued by the airline for the first nine months of the current financial year, to end-December, 1976, show that BA earned an operating surplus of £106m. on revenues of £926m., compared with £23m. on revenues of £671m. in the comparable period of 1975.

After taxes and interest, the net profit amounted to £31m. against a loss of £4m. for the comparable period a year earlier, a turn-around of £35m., largely due to such factors as the fall in the value of sterling (which added an estimated £30m. to the surplus before interest), and to the buoyancy

AIR TRANSPORT II

BA seeks a fresh image

of operations last summer, traditionally the best period of any airline's year. The worst three months of the year, from January to March, are not expected to wipe out this profit entirely, and it seems likely that for the year as a whole, British Airways may produce a net profit of something like £20m., on a turnover that is likely to exceed one billion pounds.

It is onto this base that the new, streamlined organisation will have to build. The overall financial task, as outlined by Sir Frank, is to earn enough money not only to enable the airline to pay dividends on its equity to Public Dividend Capital, but also to pay its way in the commercial market, finding the cash to finance such major items as fleet re-equipment, for example. Sir Frank says that the airline has not paid a dividend on its equity for the past two years, "and we cannot expect to continue to obtain more than half our capital free."

The airline's fleet requirements are also certain to expand in the years ahead, to meet the anticipated traffic growth. Quite apart from additional Boeing 747 Jumbo jets and more of the versatile Lockheed TriStars which in various versions are used for short, medium and long-range operations, BA will probably need a substantial number of new short-to-medium range aircraft.

These will be needed to replace its existing ageing fleets of One-Eleven and Trident jet airliners in the 1980s. The airline will also probably need a smaller airliner, in the 80- to 100-seat class, to replace its ageing Viscounts which still fly

of operations last summer, traditionally the best period of any airline's year.

No decisions on these new types of aircraft have yet been taken, but it seems likely that the airline will have to make up its mind before the end of this decade, so that it can place the orders for progressive delivery in the early 1980s. Along with the other major airlines of Western Europe, notably Air France and Lufthansa, BA has been studying the various ideas for new short-to-medium haul jets put forward by the major manufacturers, notably Boeing, Lockheed and McDonnell Douglas, and has done a considerable amount of work in refining its own ideas of what it needs.

Race

At this stage, however, it is not prepared to leap into the re-equipment race. The new management certainly does not see BA becoming a pioneer of new airliners—its predecessors had more than enough of that experience in the past 30 years. It is likely, therefore, that BA will be content to wait a little, to see precisely what the major manufacturers finally can offer, and what the other big airlines will buy before committing itself to a new type which it will have to buy in large numbers—perhaps as many as 50 new medium-haul jets eventually—that will cost it many hundreds of millions of pounds. A mistake on a re-equipment bill of such magnitude could be financially and operationally disastrous for any airline.

It is against this background that the reorganisation of BA must be viewed. It has

been by far the most complete and far-reaching reorganisation of British civil aviation has seen, following the merger of BOAC and BEA itself.

The former divisions—European (largely formed out of the former BEA), Overseas (substantially the former BOAC) and Regional (effectively built round the smaller airlines, Channel, Scottish, Northeast and Cambrian) are being abolished from April 1.

In their place, will be a new structure, comprising a deputy chairman in charge of Commercial Operations (Mr. Ross Stainton, hitherto chief executive of the OD, who now also becomes a deputy chairman of the airline), and a Director of Flight Operations (Captain Jack Jessop, hitherto chief executive of the Regional Division). Mr. Roy Watts, the chief executive of the European Division, becomes the director of commercial operations and the deputy to Mr. Stainton.

Commercial Operations will be responsible for deploying the airline's resources—such as aircraft—throughout the world. Flight Operations will be responsible for providing the flight-deck and cabin crew. A single Engineering Department has already been established, under Kenneth Wilkinson, responsible for all the engineering and maintenance throughout the airline, and also for the studies that will eventually determine what new airlines the airline will buy.

In addition, there is a new Marketing Director, Mr. Gerry Draper, responsible for the entire sales operations of the airline throughout the world. Mr. Henry Marking, hitherto

deputy chairman, retains his chairmanship, following the merger of BOAC and BEA itself.

Mr. Marking is responsible for national affairs, secretarial and administrative duties. This is the top management of the airline. Consequent changes, there is an additional chief and tasks down these readjustments. Some staff have been demoted, or have retired. There will be a deputy chairman of the airline, moving into the Regional Division. Mr. Stainton is going to be lower levels as well as eventually be known, but he is likely to occur ranks of the staff on the shop floor. The proof of this restructuring will come with time, the profits that earn in the long-term. A new airline market start has been hoped that the airline could build upon its own civil aviation subjected to over the past 30 years, beneficial either to the economy or the reaching. It is likely to be successful.

The search for a new airliner

ONE OF the major problems now dominating the thoughts of the airlines and aircraft manufacturers throughout the world is the need to find one or more new short-to-medium range airliner types with which to replace existing fleets in the 1980s and beyond.

This replacement problem has arisen for a variety of reasons. The first is that many of the existing short-to-medium range jet aircraft in service—the Boeing 737 and 727, the McDonnell Douglas DC-9, the British Aircraft Corporation One-Eleven, the Hawker Siddeley Trident and the Fokker F-28—are ageing. Some of them have been in service since the early 1960s, and are approaching 15 years of age. In that time, all these breeds of airliner have been steadily improved, in terms of both range and payload performance, and many airlines, especially in the U.S., are already replacing some of their earliest purchases of these aircraft with the latest derivatives of the same basic types.

But this trend cannot go on for ever. Because of the airlines' own demands for improvements in range and payload performance, and better fuel consumption at a time of rising fuel costs, and also because of the continually increasing environmental pressures for ever-quieter aircraft, there is a growing need for entirely new types of airliner with which to see the air transport industry through the next twenty years or so. The aircraft that are being designed now, for service from the early 1980s onwards, will be those upon which the airlines will still be depending in the late 1990s and perhaps even into the next century.

These broad categories of short-to-medium aircraft appear to be emerging. The first is in the 80-120 seat bracket; the second in the 120-180 seats category; and the third in the 200-plus seat category. There are, of course, variations on all these themes. Individual airlines want to see aircraft tailored particularly to their specific requirements. But in so far as it is possible to categorise a confused and still-developing market, these are the areas where effort is mostly being concentrated.

In the U.K., the Hawker Siddeley short-haul HS-146 is a contender for the first category, with the Fokker-VFW company in Holland also considering a derivative of its successful F-28.

But it is in the next category that most of the current interest seems to lie, because it is here that the biggest market in terms of aircraft numbers will occur. Boeing estimates that upwards of 50 per cent of all future civil aircraft sales will lie in the 120-180 seat area, and it is offering a family of jets currently called only 7N7, but including a variety of designs for seating configurations of 120 passengers, 160-180, and 130-170, with range capability up to about 2,000 nautical miles. It is in this broad area, too, that the British Aircraft Corporation has been offering its 135-160 seat X-Eleven design, while Dassault will also be required, both for exploring the possibilities of noise. The major engine manufacturers, Rolls-Royce, General Electric and Pratt and Whitney, are already working in this field, with either new versions of their existing high-thrust engines, such as the RB-211, 535, or entirely new models such as the joint Rolls-Royce JT-101.

It has been estimated by Boeing, the world's biggest jet transport manufacturer, that between now and 1985, the world's airlines will need to spend up to about \$53bn. (in 1977 dollars) on about 3,000 aircraft of all kinds, of which the engine market will be worth over \$27bn. alone. While some of these aircraft will be in the long-range category—primarily Boeing 747 Jumbo jets in both the standard or Special Performance (SP) very long-range

models, and long-range versions of the McDonnell Douglas DC-10 and Lockheed TriStar—7X7, having larger payload range capabilities than the existing "high-thrust" RB-211-1B plus) use in the 200-plus but has a lower-1,500 hours of wind-tunnel work and over \$50m. spent on it, in conjunction with Aeritalia of Italy, the emphasis is on more on the 7N7. This does not mean that Boeing is cooling off on the 7X7. Far from it. The company makes it clear that its families of jets if the market requires such aeroplanes, but that for the immediate future the 7N7 market appears to be the most promising.

For it is here that the major expansion of the world's air traffic is expected to occur. While there will continue to be growth on the long-haul air routes, the bulk of the world's air travellers traditionally have flown, and are expected to continue to fly, on the short-to-medium routes from 200 miles up to about 2,000 miles in length.

These broad categories of short-to-medium aircraft appear to be emerging. The first is in the 80-120 seat bracket; the second in the 120-180 seats category; and the third in the 200-plus seat category. There are, of course, variations on all these themes. Individual airlines want to see aircraft tailored particularly to their specific requirements. But in so far as it is possible to categorise a confused and still-developing market, these are the areas where effort is mostly being concentrated.

In the U.K., the Hawker Siddeley short-haul HS-146 is a contender for the first category, with the Fokker-VFW company in Holland also considering a derivative of its successful F-28.

But it is in the next category that most of the current interest seems to lie, because it is here that the biggest market in terms of aircraft numbers will occur. Boeing estimates that upwards of 50 per cent of all future civil aircraft sales will lie in the 120-180 seat area, and it is offering a family of jets currently called only 7N7, but including a variety of designs for seating configurations of 120 passengers, 160-180, and 130-170, with range capability up to about 2,000 nautical miles. It is in this broad area, too, that the British Aircraft Corporation has been offering its 135-160 seat X-Eleven design, while Dassault will also be required, both for exploring the possibilities of noise. The major engine manufacturers, Rolls-Royce, General Electric and Pratt and Whitney, are already working in this field, with either new versions of their existing high-thrust engines, such as the RB-211, 535, or entirely new models such as the joint Rolls-Royce JT-101.

It has been estimated by Boeing, the world's biggest jet transport manufacturer, that between now and 1985, the world's airlines will need to spend up to about \$53bn. (in 1977 dollars) on about 3,000 aircraft of all kinds, of which the engine market will be worth over \$27bn. alone. While some of these aircraft will be in the long-range category—primarily Boeing 747 Jumbo jets in both the standard or Special Performance (SP) very long-range

Boeing is also a major competitor with an entirely separate family of jets, called the 7X7, having larger payload range capabilities than the existing "high-thrust" RB-211-1B plus) use in the 200-plus but has a lower-1,500 hours of wind-tunnel work and over \$50m. spent on it, in conjunction with Aeritalia of Italy, the emphasis is on more on the 7N7. This does not mean that Boeing is cooling off on the 7X7. Far from it. The company makes it clear that its families of jets if the market requires such aeroplanes, but that for the immediate future the 7N7 market appears to be the most promising.

For it is here that the major expansion of the world's air traffic is expected to occur. While there will continue to be growth on the long-haul air routes, the bulk of the world's air travellers traditionally have flown, and are expected to continue to fly, on the short-to-medium routes from 200 miles up to about 2,000 miles in length.

These broad categories of short-to-medium aircraft appear to be emerging. The first is in the 80-120 seat bracket; the second in the 120-180 seats category; and the third in the 200-plus seat category. There are, of course, variations on all these themes. Individual airlines want to see aircraft tailored particularly to their specific requirements. But in so far as it is possible to categorise a confused and still-developing market, these are the areas where effort is mostly being concentrated.

In the U.K., the Hawker Siddeley short-haul HS-146 is a contender for the first category, with the Fokker-VFW company in Holland also considering a derivative of its successful F-28.

But it is in the next category that most of the current interest seems to lie, because it is here that the biggest market in terms of aircraft numbers will occur. Boeing estimates that upwards of 50 per cent of all future civil aircraft sales will lie in the 120-180 seat area, and it is offering a family of jets currently called only 7N7, but including a variety of designs for seating configurations of 120 passengers, 160-180, and 130-170, with range capability up to about 2,000 nautical miles. It is in this broad area, too, that the British Aircraft Corporation has been offering its 135-160 seat X-Eleven design, while Dassault will also be required, both for exploring the possibilities of noise. The major engine manufacturers, Rolls-Royce, General Electric and Pratt and Whitney, are already working in this field, with either new versions of their existing high-thrust engines, such as the RB-211, 535, or entirely new models such as the joint Rolls-Royce JT-101.

It has been estimated by Boeing, the world's biggest jet transport manufacturer, that between now and 1985, the world's airlines will need to spend up to about \$53bn. (in 1977 dollars) on about 3,000 aircraft of all kinds, of which the engine market will be worth over \$27bn. alone. While some of these aircraft will be in the long-range category—primarily Boeing 747 Jumbo jets in both the standard or Special Performance (SP) very long-range

In the 200-plus seat bracket,

Continued on next page

Continued on next page

Continued on next page

Continued on next page

سكاي ان اير

Handwritten note in a box: "J.P. ..."

B.Cal back in the black

ALEDONIAN Air-Bogota, formerly flown by K's second largest British Airways (the effect of flag carrier, and B.Cal the sole U.K. operator to large number of South America, BA retaining nass organisations only Guyana).

But the price B.Cal was asked to pay was high, including the surrender of its rights to New York, Chicago, Los Angeles, and Toronto, and also to Bahrain and Singapore. The airline retained, however, its North Atlantic routes to Atlanta and Houston, which it intends to fly as soon as the necessary reciprocal U.S. approvals for those operations are obtained.

Expanding

The airline has already begun to operate to the three new South American points, where traffic is expanding rapidly. It has also begun to strengthen its operations in West Africa, with new services to Abidjan on the Ivory Coast, and other French-speaking countries, including the Cameroons, Mauritania and Gabon.

But there are still some outstanding problems to be cleared up before the Government's "spheres of interest" policy can become fully effective in far as B.Cal is concerned. By far the most important of these is the reciprocal U.S. approval of the airline's rights to fly to Atlanta and Houston. It seems that B.Cal may well have to wait until the current negotiations between the U.K. Department of Trade and the U.S. on a new Anglo-American bilateral air agreement are completed before it can expect to start carrying passengers on these routes.

The complexities surrounding these bilateral negotiations are discussed elsewhere, but if the British negotiators are able to sustain the principle of one flag airline from each country flying any specific route between the U.K. and U.S., it seems likely that B.Cal will get its Atlanta and Houston approvals. If so, there seems to be no reason why B.Cal was not flying the routes before the end of this year or early in 1978. The airline is pinning a good deal of its

hopes for future revenue expansion on these lucrative routes to the Southern U.S., and would like to start earning money on them as soon as possible.

Even without Atlanta and Houston, however, it seems likely that B.Cal will earn increased profits in the current financial year, much of which is likely to stem from the expansion in traffic on South American and West African routes. One of the most significant aspects of world air transport development is that traffic in many of the countries of the Third World is expanding faster than that between the industrial countries where air travel has been established for many years.

Despite these difficulties over civil aviation policy, B.Cal is sufficiently confident of its future on its long-haul routes to buy two McDonnell Douglas DC-10 wide-bodied tri-jet airliners, worth £40m, and is taking an option on two more. The first was delivered last week, and went into service at the week-end on the route between London and Lagos and other West African cities. The second

aircraft is due for delivery later this spring, and is expected to enter service in May. In addition to use on the West African scheduled services, the DC-10s, each seating up to 285 passengers (30 first-class and 235 economy class), will be used on the airline's expanding North Atlantic charter services, and perhaps also later this year on its scheduled routes to South America, and especially to Caracas, Lima and Bogota.

In selecting its new wide-body type, B.Cal decided that the DC-10 Series 30 long-range aircraft was the most suitable airliner readily available to meet all foreseeable growth and development on its long-haul routes network. The aircraft also has the advantage of being the high-capacity airliner most widely used by other airlines operating in B.Cal's "spheres of interest." Its choice thus means that the best possible advantage can be taken of technical co-operation facilities overseas.

In addition to its scheduled service operations, B.Cal has an extensive charter operation. This year, it will be providing some 35,000 round-trip DC-10 seats alone for North Atlantic

Advanced Booking Charter operators, under contracts worth several million pounds. Two thirds of this traffic will be dollar-earnings, originating in the U.S. This will provide some 75 per cent of B.Cal's overall DC-10 charter revenue. In operating this ABC programme, the DC-10s will fly to a regular pattern, with New York being served on Mondays and Thursdays, San Francisco on Tuesdays and Fridays, Detroit on Saturdays and Los Angeles on Sundays. In its passenger charter role, the DC-10s will be seating an all-economy 295 passengers.

Cargo

The introduction of the DC-10s will also enable B.Cal to offer a substantial improvement in its cargo capacity on the busy West African routes. With a 16 metric tonnes capacity, the DC-10 will boost B.Cal's weekly capacity to 105 metric tonnes. Complementing this cargo service improvement will be the introduction of the new 60,000 square feet purpose-built cargo centre at Gatwick Airport, costing £1.8m, which is ex-

pected to be fully operational by the spring of 1978, and capable of handling up to 150,000 tonnes of freight a year. In common with other operators, B.Cal is deeply interested in a new type of short-to-medium range airliner for the 1980s, to replace its existing fleet of One-Eleven jets. The One-Elevens have been undergoing a refurbishing process, designed to extend their in-service lives for several more years, until a new jet is available. This modernisation has included installing a "wide-body" interior look to the aircraft.

So far, B.Cal has not made up its mind on what new aircraft to buy to replace the One-Elevens, largely because the manufacturers themselves have not been able to finalise their designs and make firm offers to the airlines. But the current thinking inside B.Cal indicates that its ideal choice of aeroplane would be a development of an existing design, probably a "family" type of aircraft that would offer derivatives for future development. The most suitable new aircraft is likely to be in the 120-130 seat category, with development

potential up to about 160-170 seats. Its most challenging task will be to offer attractive operating economies compared with the existing One-Elevens. To do this, B.Cal believes that it will have to be twin-engine, with a range of up to 2,000 nautical miles. Delivery is likely to be required by 1982, with the One-Eleven fleet being replaced on a one-for-one basis through the 1980s. Clearly, this kind of fleet expansion will require very substantial sums of money—each new aircraft seems likely to cost somewhere between £5m and £10m a time. This implies the need for a consistently high level of profitability on the part of B.Cal over the next few years, so as to be able to build up the reserves to finance such fleet procurement.

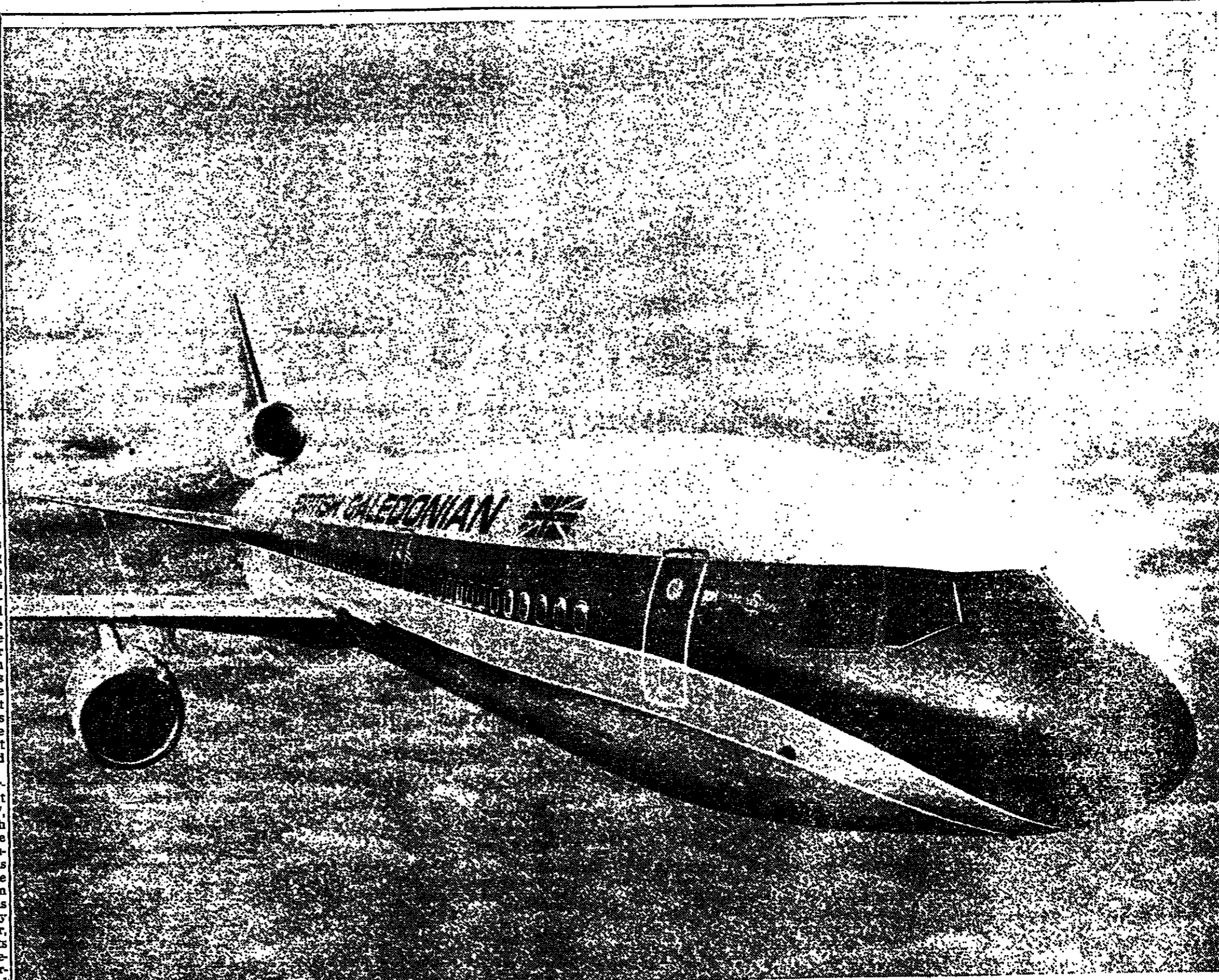
What it does not want to see is a further bout of political interference with the civil airline industry in Britain, with any renewed chopping and changing of philosophies governing route allocations. Such changes, which have been all too frequent in recent years, debilitate the airline industry's efforts to create a sustained profitable operation. It says much for B.Cal's management that it has been able to steer the airline back into profitability, after a period of losses ensuing from the fuel crisis of late 1973 and the subsequent industrial recession.

What it does not want to see is a further bout of political interference with the civil airline industry in Britain, with any renewed chopping and changing of philosophies governing route allocations. Such changes, which have been all too frequent in recent years, debilitate the airline industry's efforts to create a sustained profitable operation. It says much for B.Cal's management that it has been able to steer the airline back into profitability, after a period of losses ensuing from the fuel crisis of late 1973 and the subsequent industrial recession.

What it does not want to see is a further bout of political interference with the civil airline industry in Britain, with any renewed chopping and changing of philosophies governing route allocations. Such changes, which have been all too frequent in recent years, debilitate the airline industry's efforts to create a sustained profitable operation. It says much for B.Cal's management that it has been able to steer the airline back into profitability, after a period of losses ensuing from the fuel crisis of late 1973 and the subsequent industrial recession.

Stability

What B.Cal now wants more than anything else, however, along with other airlines, including British Airways itself—is a satisfactory conclusion to the current Anglo-U.S. bilateral air agreement discussions, leading to a period of stability, free



You're on a different plane-with B.Cal.

Since March 20th British Caledonian's new DC-10 has been flying by day to West Africa, six days a week. The addition of DC-10's to our fleet is yet another example of the Bigger B.Cal.

Now passengers to Lagos, Kano and Accra can relax in the spacious comfort of the latest DC-10 with the outstanding new feature—British Caledonian service.

The wide, wide body means you're not cramped in your seat, and gives space for double aisles so you can move easily around the aircraft. The cabin is tall, as well as wide, and light and airy. The engines are so quiet you can hear an ice-cube drop into your pre-lunch whisky and soda.

Passengers can spread themselves on the DC-10 and so can we. Bigger galleys, bigger serving areas, more room all round enables us to turn on a

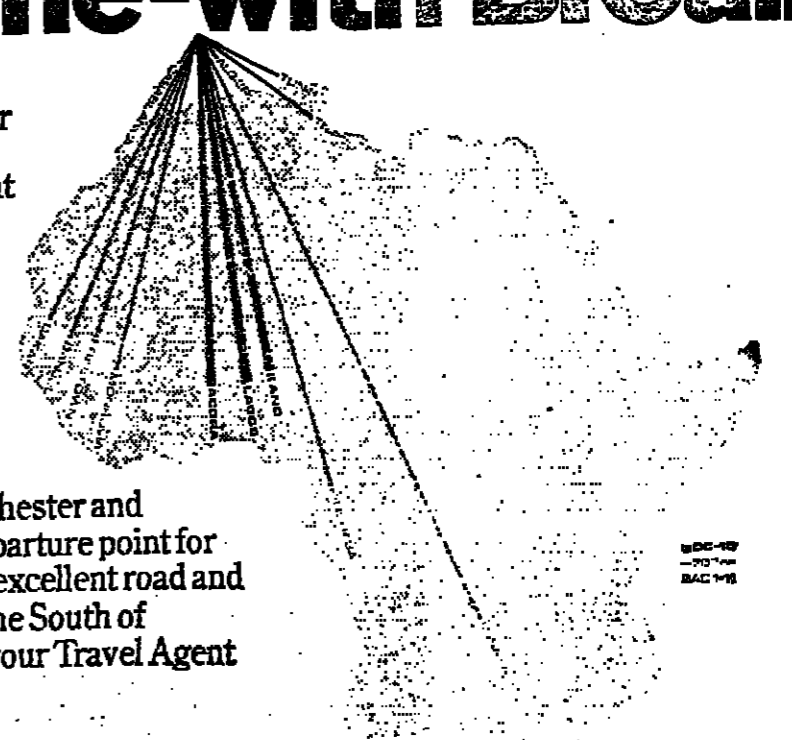
service that's something special even by our own high standards.

Superjet, super service, plus daylight flying means you'll arrive in West Africa relaxed and refreshed.

You're on a different plane of comfort.

Easy-to-get-to Gatwick is Britain's fastest developing international airport. There are frequent domestic flights into Gatwick from Aberdeen, Belfast, Edinburgh, Glasgow, Jersey, Manchester and Newcastle. These make it a convenient departure point for travellers from all over the UK. There are excellent road and rail-links for travellers from London and the South of England. For reservations please contact your Travel Agent or call British Caledonian.

*On Thursdays a B.Cal 707 departs 2315 for Lagos.

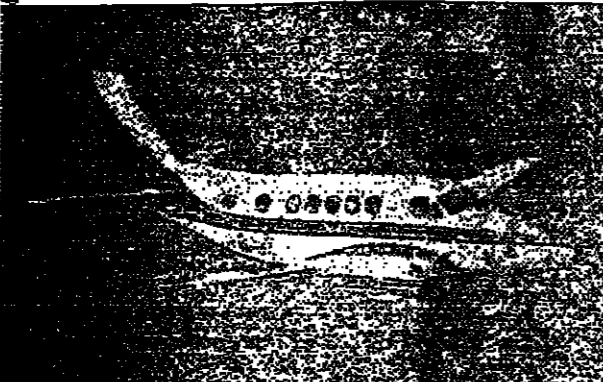


Let's go
BRITISH CALEDONIAN TO WEST AFRICA
Over 500 flights a week to 25 countries—Europe, Africa, South America and within the UK. Flights to Lagos and Kano in association with Nigeria Airways.

image
ch for
rinner
ch
FROM PREVIOUS PAGE
from the steeply
of the past few
the economic
the major industrial
y airlines have been
sses, and only now
year to be moving
period of greater
bility.
tion is precarious,
east, and it seems
most airlines will
h longer period of
onomic prosperity
ave enjoyed over
years before they
pared to commit
o the high costs of
fleets of new air-
odying advanced-
wings and new
gnificantly, their
ckers—mainly the
and other financial
in North America,
nents in Europe and
of the world—will
signs of a sustained
osperity before they
the heavy sums
loans for re-equip-
liate
great re-equipment
everyone expects to
ime, is not likely to
et. For the immedi-
the major airlines—
United, American,
ern, Braniff in the
thers in Europe—are
rmed to spend their
ish on replacing their
ets with updated
existing types. This
loeing last year had
best years ever, with
f \$2.1bn. in new busi-
1 aircraft, mostly in
nd 737s.
one, which is expect-
one of the leaders in
re-equipment stakes
7 start to run, has
omitted \$350m. for
advanced 727-200 jets
ng to replace older
phased out. United
xpect to commit itself
747/DC-10/Tristar family. This
v advanced-technology
raft, and a market for anything
d perhaps not until
up to 250 aircraft is foreseen up
to the 1990s, worth well over
Since many airlines
heir cue from United, \$1bn.
ipment race is not worth fighting for, and Airbus
start for well over
a version of the Airbus for it,
pen it does start, it while
op quickly. It is esti-
t virtually the whole
placement market for 500, which could fit this role,
and beyond will be using the new Franco-U.S. CFM-
within the short space
to five years. This could meet the requirements of
at if the first orders many airlines round the world,
d in, say, late 1978, and decisions on the "long-thin"
83 the bulk of the jet seem likely to be taken soon,
will have been com- perhaps this year or next, so
of only a comparatively that it could be in service by the
of buying will occur early 1980s.

Congestion at the airport

ENTER EUROPE BY Vernair FLYING SERVICES
LIVERPOOL AIRPORT TEL: 051-4277907




AIR TAXI
Whisk you off at short notice to that urgent business appointment. Or, if a VIP buyer is arriving from overseas, how much more efficient to meet him at Gatwick, Shannon or Prestwick and convey him to your Merseyside office.

AIR FREIGHT
Urgent spares reliably and swiftly. Goods up to 40 cu. ft. in volume, 1,400 lb. in weight.

ROUND TRIPS
of branch offices or works, e.g. Liverpool-Cardiff-Southampton-Luton-Liverpool could be done in one day with a call at each.

EFFICIENT TRANSPORTATION IS FAST, ECONOMICAL, AND DIRECT



Rockwell's 690B is just that. It will transport up to eight executives at 315 mph with a fuel cost of 5 pence per mile. Let us provide you with full details of company aircraft operation.

DISMORE AVIATION LIMITED
175 PICCADILLY LONDON, W.1
Phone: 01-409 0051, Telex: 267603, Cables: DISAVIA W.1

Contact the Aircharter Specialists

LONDON AIR TAXI CENTRE LTD.
01-588-3578

Competitive quotations for executive jets, air taxis, helicopters, and large aircraft. Freight enquiries also welcome.

18-25 ELDON STREET
LONDON EC2M 7LA. Telex: 883758

Eagle



More and more firms are realising that a company aircraft is no luxury. Its flexibility and range are beyond doubt. It can carry highly paid passengers both locally and overseas, at lesser known airfields with short runways, putting you "on the doorstep". It allows you to pursue business twenty-four hours a day, unrestricted by airline timetables and out of phase connecting flights. (You might pay for the aircraft in a few flights by clinching an important contract).

In other words, a company aircraft is a fast-moving business machine, designed to make you work more effectively - and to be as cost-efficient as machine plant or office equipment.

The Beechcraft Super King Air 200 is an exceptional company aircraft. As Neville Duke says: "No other similar aircraft offers such performance, versatility and proven reliability as the Super King Air."

It has a maximum range of over 2000 miles, a maximum cruise speed of 328mph and room for up to 15 people. Its pressurised, air-conditioned interior is superbly elegant, divided into three compartments for perfect privacy.

Laura Ashley, Sir Alfred McAlpine & Son and Dowty are just three of the companies that have made the King Air range a firm favourite.

Eagle Aircraft Services are sole UK and Ireland distributors for the unmatched Beechcraft range of business and private aircraft, with well over 100 on the British register to their credit.

As well as outright purchase, Eagle can arrange leasing, sharing and self-flying facilities. They also take care of servicing and spares.

Eagle will be only too pleased to discuss your flying requirements. Ring Sales Director, Neil Harrison on 09273 79671.

Get a Beechcraft working for your firm too.

Eagle A MEMBER OF THE SAME GROUP OF COMPANIES

Liverpool Airport, Warrad, Hens, W.D. 27BY, U.K.
Telephone: Garston (09273) 79611, Telex: 261502

SOME TIME later this year, the Government is expected to publish a White Paper setting out its plans for an "airports strategy" for Britain.

This is expected to outline proposals for diverting some of the anticipated future traffic growth from the sorely-pressed airports in the London region to those in the provinces; to settle whether or not there shall be the "greenfield" (that is, entirely new) development of another airport somewhere in the Midlands and the North; and to say what further provisions will be made in the long-term for the air transport needs of Scotland and the West Country.

More significantly, however, it is expected to say just what the Government feels should be done about the further development of the existing four airports in the London area—Heathrow, Gatwick, Stansted and Luton—and hopefully to settle permanently the still controversial question whether there is any case at all for a new airport in the South-East, despite the decision in 1974 to abandon the Maplin proposal for an airport on reclaimed land off the Essex coast.

The Government, in its efforts to get the maximum public discussion on this highly emotive and controversial topic, has published a number of "consultation papers," setting out the various options as it sees them, and inviting comment from individuals, companies, airlines, local authorities and other interested bodies, in order to gain the maximum possible information on the country's attitudes towards airport development.

As was to be expected, a vast mass of documentary evidence has emerged, which is now being distilled. Hopefully, a coherent airports policy may

emerge from it. In the meantime, the Government, through the British Airports Authority, has been pressing ahead with the development of some of the main airports, notably Heathrow and Gatwick, in the light of the existing forecasts as to what is likely to happen to air traffic.

All those forecasts suggest that, despite the hiatus in growth caused by the oil crisis and the subsequent industrial recession in late 1973, expansion has resumed in the past year or so, and worldwide air traffic is now moving up at an average annual rate of around 6 to 8 per cent. Although this is lower than the 10 to 12 per cent, experienced in the late 1960s and early 1970s, it is still sufficient to ensure that substantial problems will arise in the 1980s for the air transport industry and the various regulatory authorities if they do not move to improve and expand their systems now.

Document

The first consultative document published by the Government in the airports debate suggested, for example, that passenger traffic at the airports in the London area might reach a total of about 30m. a year by the early 1980s with Heathrow handling about 30m., Stansted 1m. and Luton 3m.

By the mid 1980s, it suggested that this situation would have moved on to the point where about 58m. passengers a year would be involved, with Heathrow being given a fourth major terminal to enable it to handle 38m. and Gatwick, Luton and Stansted remaining at the 1980 levels.

Beyond this point, further expansion was foreseen, to the point where perhaps 104m. pas-

sengers a year might have to be handled by the four airports in 1990. To meet this kind of demand, a range of further new developments would have to be undertaken, including perhaps the development of a fifth major terminal at Heathrow (on the Perry Oaks site to the west of the airport), which would raise Heathrow's capacity to 53m. passengers a year. Other new developments might include a second big terminal at Gatwick, raising that airport's capacity to 25m. a year; the development of Stansted up to a capacity of 16m. (comparable in size to the presently planned growth at Gatwick); and expansion of Luton up to 10m. passengers a year.

Because no one yet knows precisely how traffic demand will develop over the years ahead, or what the Government intends to do about it, the British Airports Authority, which owns Heathrow, Gatwick, Stansted, Prestwick, Glasgow (Abbotsinch), Edinburgh, and Aberdeen, has been undertaking its own major programme of works at all of them designed to enable them to cope with the growth expected in the immediate future.

At Heathrow, this has taken the form of a £50m. programme, of which the biggest item has been the extension by London Transport of the Piccadilly Line underground railway into the Central Terminal Area of the airport, linked with the three main passenger terminals by a series of underground subways with moving walkways. The central underground concourse and the subways will become operational around the middle of this year, but the station and the rail link will not become operational until towards the end of this year.

The other developments at

Heathrow, which are still taking place, are designed to improve the flows of traffic into and out of the three passenger terminals, with special emphasis being placed on modernisation of the European short-haul terminal (No. 2), and the long-haul international arrivals terminal (No. 3).

All these developments are intended to enable Heathrow to handle about 30m. passengers a year by 1980, compared with the present level of about 23.5m. For the mid to later 1980s, there is the plan to develop a fourth terminal on a site on the south-west side of the airport, which would be capable of handling up to about 8m. passengers a year, thereby raising Heathrow's total capacity to 38m. a year.

But it is not intended to press ahead with all the necessary consultative and planning work for this fourth terminal until much greater use is made of Heathrow, South of London. The BAA is currently nearing completion on a major £70m. development programme at Gatwick, designed to raise that airport's passenger capacity from the present 6m. a year to 16m. Thus, an "expansion chamber" is being created at Gatwick, which is now one of the most modern airports in the country, and a much more congenial place than Heathrow. It is the BAA's hope, and the Government's intention, to see that much greater use is made of this "expansion chamber," before permitting any further developments at Heathrow.

Thus, at some time in the near future, the Government is expected to announce just how it proposes to encourage airlines currently using Heathrow to move some at least of their services to the far less crowded Gatwick. This will

be a delicate diplomatic procedure, for the idea of forcing airlines to move is not only unwelcome to the airlines, but also to the Government.

It is recognised that competition in the U.K. could lead to repercussions overseas on British airlines. But both the BAA and the Government also recognise that some transfers of operations from Heathrow to Gatwick will have to take place if the growing congestion at Heathrow is to be eased, and that various inducements may be offered in the form of cheaper landing fees at Gatwick. But, in the long run, it is hoped that persuasion, coupled with the self-evident truth that Heathrow is becoming for many airlines an increasingly less congenial place to work in, will be sufficient to encourage such moves.

Capacity

In the much longer-term, however, the problem remains of what to do when Heathrow expansion goes beyond the 38m. mark, and Gatwick's own capacity begins to show signs of being filled — a situation that could occur, around say the mid-1990s. Three possible solutions exist. One is to build the fifth terminal at Heathrow, to carry its expansion up to the level of 53m. passengers a year. This would cost perhaps as much as £50m. or even more, and add materially to the surface congestion around the airport.

Another is to build a new terminal at Gatwick, to boost that airport's capacity to 25m. passengers a year. The third option is to develop Stansted to a capacity of 16m. passengers a year, and to develop Luton to 5m. capacity and then perhaps to about 10m. passengers a year. None of these options is pleasant to contemplate. But air traffic growth while it is possible that some Eastern European, part of the anticipated expansion in London and the South-East could be dealt with by

Independent operators

OUTPUT BY the U.K. air transport industry as a whole in the past year or so has been improving considerably, following the hiatus in growth caused by the oil crisis and the subsequent economic recession.

Figures issued by the Civil Aviation Authority show that in the year to September last—the latest for which detailed figures are available—the total number of available tonne-kilometres provided by the UK airlines (the basic measure of the industry's output) rose by no less than 9.7 per cent, to reach over 9.5bn.

After a persistent rise in output throughout the 1950s, 1960s and early 1970s, the trend was halted abruptly in 1974, when in the wake of the oil crisis of late 1973 output fell back from the 9bn. tonne-kilometres of

that year to just under 8.3bn. The recovery began in 1975, when output amounted to just over 8.9bn. tonne-kilometres, and the result for the year to last September now shows that the UK airline industry has more than made good the shortfall and is in fact now more productive than it was at the time of the oil crisis.

This recovery has been spread over both the scheduled and the non-scheduled airlines. The scheduled airlines, which include British Airways and the independent British Caledonian, together with some scheduled operations by such other independent carriers as British Midland, British Island, British Island Airways, British Air Ferries and Dan-Air Services together with a large number of smaller operators, collectively produced over 6.45bn. tonne-kilometres in the year to last September, a rise of 8.9 per cent over the previous year, with the non-scheduled operators doing rather better, showing an 11.4 per cent improvement to just over 3bn. tonne-kilometres.

While the CAA divides the industry's overall output into scheduled and non-scheduled operations, there is another major division, between State-owned and independent or private sector operators. At one time, it would have been possible to suggest that the two divisions were broadly compatible, and that the bulk of the non-scheduled operations were also those conducted by the independents.

To-day, this is not so. There has been a substantial growth in recent years in non-scheduled activities by British Airways, mainly through its inclusive-tour and charter subsidiary, British Air Tours, while many of the private-sector airlines, large and small, have also moved into the scheduled service area.

The four biggest independent airlines involved in scheduled service flying are British Caledonian Airways, British Island Airways, British Midland, and Dan-Air Services, but others include Air Anglia, Aurigny Air Services, British Air Ferries, Brymon Airways, Intra Airways and Loganair.

In addition to these there are more than 20 other independent operators listed by the CAA as being engaged in passenger or cargo transport. Some of these are specialist operators, Bristow Helicopters, for example, has no fixed-wing services, but is exclusively devoted to rotary-wing operations, both domestically with a big business in support of the North Sea oil and gas industry, and overseas in many different parts of the world, carrying both passengers and freight, and involved in such diverse tasks as aerial agriculture, lighthouse relief, geological sur-

veying, aerial mapping and so on. With a fleet of over 30 helicopters, including 19 of the big Sikorski S61N turbine-powered aircraft, Bristow is one of the biggest civil helicopter operators in the world, larger even than the British Airways offshoot, BA Helicopters.

A significant contribution to the overall U.K. air transport effort is made by the large independents devoted entirely to the holiday and passenger charter business, such as Britannia Airways (part of the Thomson Group) which, with a fleet of 14 Boeing 737s (now being increased), is one of the biggest airlines in the U.K.

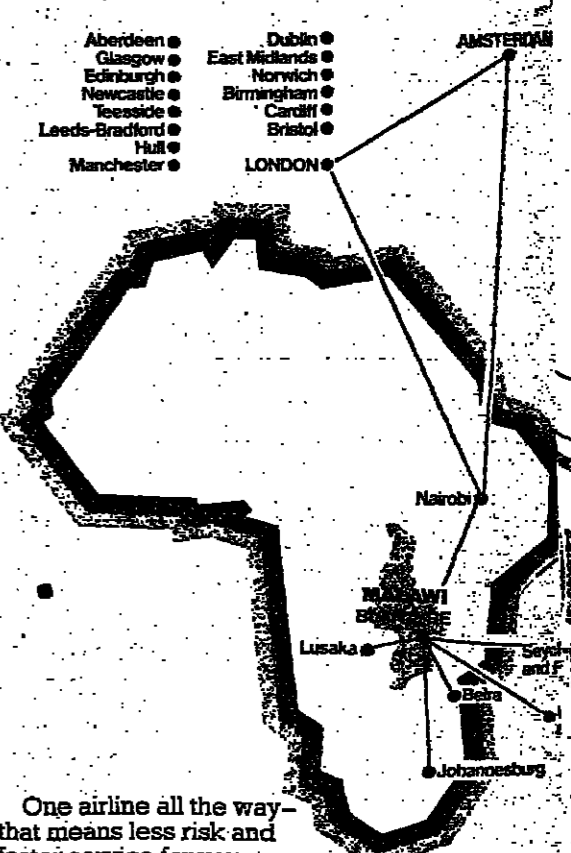
Charter

Laker Airways, with a mixed fleet of One-Eleven short-haul jets, long-haul Boeing 707s and now also three DC-10 tri-jets, with another DC-10 due for delivery this spring, is also currently devoted to the inclusive-tour and charter business, but is also on the verge of breaking into long-haul scheduled-service operations with its plans for the low-fare, no-reservations Skytrain flights across the North Atlantic between Stansted and New York. After its long legal battle with the Government over the rights to the service, Laker finally won earlier this year when the Department of Trade reversed its original objections and pledged itself to support Skytrain, and it is now a question of when the U.S. will grant the necessary reciprocal permit to enable flights to begin. Laker remains optimistic that services can begin this spring or early summer.

A number of private-sector operators have also specialised exclusively in the air cargo business — notably LAS Cargo Airlines, with Britannias and DC-8 jets, and Tradewinds and Trans-Meridian Air Cargo, both with swing-tail CL-44 turboprops, while Air-Bridge Carriers uses Argosy and Viscount aircraft. But many other operators also carry cargo. British Airways is a big cargo operator, both domestically and internationally, as is British Caledonian, while most of the independents uplift freight in one form or another in addition to their passenger services.

In addition to these airlines, there are the large number of smaller private-sector air transport operators, specialising in the "air-taxi" or general aviation field, who provide a growing and now indispensable support operation for their bigger scheduled and non-scheduled colleagues. There are 49 members of the Air Taxi Operators Association who between them last year flew 151m. miles and carried 380,000 passengers. Between them they also own over 300 aircraft. These smaller operators, often equipped with executive jets

Fly freight to the heart of Africa



One airline all the way—that means less risk and faster service for your valuable freight.

Fly it Air Malawi direct to Blantyre, the commercial centre of Malawi, and then on to South Africa, Zambia, Mauritius, the Seychelles and Mozambique—just one airline, Air Malawi—the one that takes real care.

Air Malawi flies from Gatwick Airport and Amsterdam straight to the heart of Africa.

For further details ring Peter Dawson on 0293 512906/7.

KEENAIR SERVICES LIMITED

- * AIRCRAFT SALES * AIR TAXI
- * FLYING TRAINING.
- * AERIAL PHOTOGRAPHY
- * MAINTENANCE * CHARTER
- * OPERATORS OF THE LIVERPOOL AERO CLUB

KEENAIR SERVICES LIMITED
LIVERPOOL AIRPORT
SPEKE LIVERPOOL 24
TELEPHONE 051 427 3275
051 427 7449

London Gatwick Airport
departs every SAT 2300 hrs
every TUES 2000 hrs

Amsterdam
departs every TUES 2300 hrs
YC10-10's tons capacity

air malawi
Fly to the heart of Africa

Air Malawi, The Beehive, Gatwick Airport, South Hasted, Telephone: 01-688 4211 Exts. 6070 and 6072 or 0293 512907

IRMING AND RAW MATERIALS

airpabean contract punched

A new revised soyabean oil is start on May 3 the stable Oil Terminal ciation said.

anchovy s tested

LIMA, March 21. FISHING will be next two to three strivan waters.

soya vision

WTON, March 21. ASE in Brazil's 1977 op is expected to e states of Parana Mato Grosso, the culture Department

Rumours of market curbs push lead prices lower

BY JOHN EDWARDS, COMMODITIES EDITOR

LEAD PRICES fell sharply on the London Metal Exchange yesterday after heavy selling by speculators made nervous by continuing rumours that the Bank of England was planning moves to curb non-trade activity in the market.

possible general political upheaval as a whole in southern Africa, a major copper producing area.

U.K. meat prospects bleak

BY PETER BULLEN

ANOTHER BLEAK forecast for Britain's meat industry is made by the Meat and Livestock Commission in its spring quarterly market survey.

expansion of about 2 per cent. in the breeding flock this year. Lambing rates were likely to fall below last year's record level.

Indian tea export move postponed

CALCUTTA, March 21.

THE MOVE to regulate tea exports to increase domestic supplies has been postponed until the new central Government, which will be installed soon, settles down to its tasks and studies the matter from all aspects.

The Tea Board chairman thinks the industry can raise output in the short run by making adequate investment in irrigation and drainage facilities.

EEC FARM TALKS

Election threat to price review

BY ROBIN REEVES

SPECULATION is already mounting in Brussels that a decision on this year's EEC farm prices may be postponed if the U.K. Government is defeated in Wednesday's Commons vote of confidence.

Mr. Silkin would have as precedent, the example of Mr. Joseph Godebski Minister of Agriculture in the Heath Administration, who told his EEC ministerial colleagues he was no longer in a position to negotiate after the calling of the February 1974 election.

Mr. T. S. Eronca, the Tea Board chief, said tea stocks in the country were adequate and the increases in prices were merely a reflection of the strong international demand for the commodity.

Mr. Silkin will be attending the Parliament to speak in the debate on behalf of the Council of Ministers. He is expected to emphasise last week's lobbying of the farm price negotiations by common representatives.

Boost for Australian cheese

CANBERRA, March 21.

BECAUSE OF THE growing popularity of cheese in the Japanese diet Japan has emerged as Australia's largest market for dairy products, as well as minerals.

An Australian producers consortium headed by Norwest Beef Industries (equally owned by Hooker Corporation and Project Development Corporation) made the Egyptian sale for about 3,500 tonnes of medium quality beef worth about \$A13.5m. (about £5.6m.).

COMMODITY MARKET REPORTS AND PRICES

Table with columns for Metals, Grains, and other commodities. Includes prices for various metals like copper, zinc, and lead, and grains like wheat and rice.

COFFEE

Table showing coffee prices for different grades and origins, including Arabica and Robusta.

PRICE CHANGES

Table listing price changes for various commodities, including metals, grains, and oils.

Soviet plan to increase grain stores

WASHINGTON, March 21. THE SOVIET UNION plans to increase its grain storage capacity in the current five year plan ending 1980 by about 30m. tonnes, the U.S. Agriculture Department (USDA) said.

COFFEE. A w instant is your timing?

ROCHARTS computer based TIMING INDICATOR's full record over the last six months speaks for itself! BUY and SELL signals as soon as a change of direction occurs, it successfully guides and disciplines trading.

Table with columns for DATE, RECOMMENDATION, and PRICE LEVEL. Shows buy and sell signals for various dates.

could these recommendations have improved your profits? in you afford to be without such expert help? THE TIMING INDICATOR operates on all Soft Comities, LME Metals and some New York commodities.

ROCHARTS LIMITED, 9 Fish Street Hill, London EC3R 6BY. Tel: 887854 Telephone: 01-283 2238.

RUBBER

Table showing rubber prices for different grades and origins.

SILVER

Table showing silver prices for different grades and origins.

SOYABEAN MEAL

Table showing soyabean meal prices for different grades and origins.

COCOA

Table showing cocoa prices for different grades and origins.

SUGAR

Table showing sugar prices for different grades and origins.

Wool Futures

Table showing wool futures prices for different grades and origins.

MEAT/VEGETABLES

Table showing meat and vegetable prices for different grades and origins.

Wool Futures

Table showing wool futures prices for different grades and origins.

U.S. options trading proposals soon

WASHINGTON, March 21. THE COMMODITY Futures Trading Commission is expected to approve at its Thursday meeting here proposed rules for the new U.S. commodity options market to open in August, CFTC officials said.

Terminal now EEC office of departure

The Sutton International Freight Terminal, Sutton-in-Ashfield, Nottingham, has been approved as an official office of departure within the EEC.

FINANCIAL TIMES

Table showing financial times data, including stock prices and market indices.

MOODY'S

Table showing Moody's data, including credit ratings and financial indicators.

LONDON COMMODITY CHARTS. High/Low/Close figures. Includes a small chart and contact information for the publisher.

MOODY'S. Table with columns for Moody's data, including credit ratings and financial indicators.

STOCK EXCHANGE REPORT

Widespread setback ahead of to-morrow's crisis vote Index down 14.1 at 414.4 and Gilt falls range to £1 1/4

Account Dealing Dates
Option
*First Declara- Last Account Dealings Dealings Day
Feb. 28 Mar. 10 Mar. 11 Mar. 22
Mar. 14 Mar. 24 Mar. 25 Apr. 5
Mar. 28 Apr. 6 Apr. 7 Apr. 20

The profit-taking which developed last Friday on political uncertainties continued in stock markets yesterday following week-end Press comment pointing to the possibility of an early General Election after to-morrow's crisis vote in the House of Commons.

Down 9.8 at 10 a.m., the FT Industrial Ordinary share index was 13 points off an hour earlier and showed little variation thereafter until settling late to close 14.1 down at 414.4.

Early pressure on sterling led to fears that the recent downturn in interest rates would be halted and resulted in sharp losses in British Funds quotations were steadier in the late trade, but closing falls ranged to a full point and occasionally more.

Gifts react sharply

The uncertain political outlook with its resultant effect on sterling yesterday prompted some holders of Gilt-edged to go partly liquid and await any re-investment opportunities that may occur after to-morrow's "no confidence" vote in Parliament.

Institutional demand was included in a moderate late interest which, in a thin market, took the investment premium up from an initially lower rate of 10.5 per cent to 11.5 per cent.

Insurances dull

A fair amount of stock came on offer in Insurances and prices dipped sharply. Brokers, a firm sector of late in recognition of their substantial overseas earnings potential, paraded sizeable losses.

last week on hopes of exemption from dividend controls.

11p. UDS gave up 2 to 65p despite favourable Press comment. Mail Orders, however, were bolstered by week-end mention.

GEC on offer

Leading Electricals closed a penny or so above the worst. GEC met with further selling and fell to 177p before closing 1/2 off on the day.

Glaxo fall

Miscellaneous Industrial leaders edged away from the lowest levels. Glaxo touched 49p before settling at 48 1/2p.

BP sold

Reflecting last Friday's setback on Wall Street, British Petroleum opened lower and fell away further to 380p before settling at 375p.

North Sea oil favourites

Associated Newspapers, 176p, and Thomson Organisation, 43p, provided the main casualties in the newspaper battle with falls of 12.

RIGHTS OFFERS

Reputations date usually set day for details tree of shares owned by holders of a price dividend rate payable on part capital cover based on dividend on full capital.

ACTIVE STOCKS

Table with columns: Denomina- No. Closing: Chance 1977 1977 Stock tion marks price (p) on day high low

OPTIONS TRADED

Table with columns: Denomina- No. Closing: Chance 1977 1977 Stock tion marks price (p) on day high low

FINANCIAL TIMES STOCK INDEX table with columns: Govt. Sec., Fixed Interest, Industrial Ordinary, Gold Mines, etc.

HIGHS AND LOWS S.E.

Table with columns: Govt. Sec., Fixed Int., Ind. Ord., Gold Mines, etc. High, Low, High, Low

Golds disappoint

Although the bullion price moved comfortably through the \$130 per ounce level to close £3 higher at \$131.875, per ounce its highest point since September 5, 1975, shares of the metal's producers put on a disappointing performance.

Push-bu ambulance service

BRITAIN'S FRS ambulance control and Western Heliicopters (CH) fully equipped to cope with the lower-priced stocks Harrow the ambulance local authorities metropolitan area than 550 ambulances, serving 1,700,000 people.

ENTERTAINMENT GUIDE

Opera & Ballet, Theatres, Cinemas, and Entertainment listings for London and surrounding areas.

RECENT ISSUES

Equities, Fixed Interest Stocks, and Active Stocks sections with various financial data and company names.

FT-ACTUARIES SHARE INDIC

Equity Groups, Fixed Interest, and New Highs and Lows for 1977 sections with detailed financial indicators and trends.

AUTHORISED UNIT TRUSTS OFFSHORE AND OVERSEAS FUNDS

Main table listing various unit trusts and offshore funds with columns for fund names, managers, and performance data.

BASE LENDING RATES

Table listing base lending rates for various banks and financial institutions.

ART GALLERIES

Text listing art galleries and exhibitions, including Covent Garden Gallery and others.

FINANCIAL MARKETS

Text providing market news and commentary on financial markets.

INSURANCE, PROPERTY, BONDS

Text providing information on insurance, property, and bond markets.

NOTES

Text providing notes and additional information related to the financial markets.

INSURANCE BASE RATES

Table listing insurance base rates for various policies and coverages.

FT SHARE INFORMATION SERVICE

Exporting is easier with NO EXCHANGE RISKS. Interested? Talk to INTERNATIONAL FACTORS LIMITED.

BRITISH FUNDS table with columns for Stock, Yield, and others. Includes sub-sections for 'Shorts (lives up to five years)', 'Five to fifteen years', 'Over fifteen years', and 'Undated'.

INTERNATIONAL BANK table with columns for Stock, Yield, and others. Includes sub-sections for 'Five to fifteen years' and 'Undated'.

CORPORATION LOANS table with columns for Stock, Yield, and others. Includes sub-sections for 'Five to fifteen years' and 'Undated'.

COMMONWEALTH & AFRICAN LOANS table with columns for Stock, Yield, and others. Includes sub-sections for 'Five to fifteen years' and 'Undated'.

FOREIGN BONDS & RAILS table with columns for Stock, Yield, and others. Includes sub-sections for 'Five to fifteen years' and 'Undated'.

AMERICANS table with columns for Stock, Yield, and others. Includes sub-sections for 'Five to fifteen years' and 'Undated'.

CANADIANS table with columns for Stock, Yield, and others.

BANKS AND HIRE PURCHASE table with columns for Stock, Yield, and others.

BEERS, WINES AND SPIRITS table with columns for Stock, Yield, and others.

BUILDING INDUSTRY, TIMBER AND ROADS table with columns for Stock, Yield, and others.

BUILDING INDUSTRY - Continued table with columns for Stock, Yield, and others.

CHEMICALS, PLASTICS table with columns for Stock, Yield, and others.

CINEMAS, THEATRES AND TV table with columns for Stock, Yield, and others.

DRAPERY AND STORES table with columns for Stock, Yield, and others.

DRAPERY AND STORES - Continued table with columns for Stock, Yield, and others.

ELECTRICAL AND RADIO table with columns for Stock, Yield, and others.

ENGINEERING, MACHINE TOOLS table with columns for Stock, Yield, and others.

ENGINEERING - Continued table with columns for Stock, Yield, and others.

FOOD, GROCERIES, ETC. table with columns for Stock, Yield, and others.

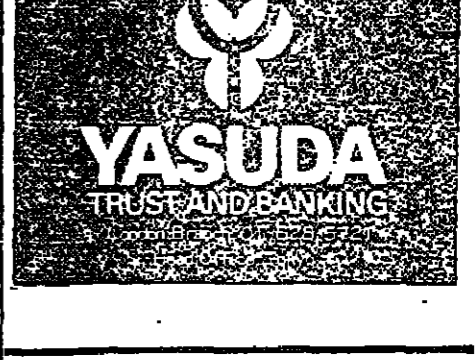
HOTELS AND CATERERS table with columns for Stock, Yield, and others.

INDUSTRIALS - Contd table with columns for Stock, Yield, and others.

Conversion factor: 0.7129 (62.17/88)

Handwritten signature in Arabic script.

J.P. Morgan & Co.



INDUSTRIALS—Continued

Table with columns: Stock, Price, % Chg, Div, Yield, etc. Lists various industrial companies like Anglo American, Anglo Coal, Anglo Petroleum, etc.

MOTORS, AIRCRAFT TRADES

Table for Motors and Cycles: Stock, Price, % Chg, Div, Yield.

Commercial Vehicle

Table for Commercial Vehicle: Stock, Price, % Chg, Div, Yield.

Components

Table for Components: Stock, Price, % Chg, Div, Yield.

Garages and Distributors

Table for Garages and Distributors: Stock, Price, % Chg, Div, Yield.

PROPERTY—Continued

Table for Property: Stock, Price, % Chg, Div, Yield.

SHIPBUILDERS, REPAIRERS

Table for Shipbuilders, Repairers: Stock, Price, % Chg, Div, Yield.

SHIPPING

Table for Shipping: Stock, Price, % Chg, Div, Yield.

SHOES AND LEATHER

Table for Shoes and Leather: Stock, Price, % Chg, Div, Yield.

SOUTH AFRICANS

Table for South Africans: Stock, Price, % Chg, Div, Yield.

TRUSTS—Continued

Table for Trusts: Stock, Price, % Chg, Div, Yield.

TRUSTS—Continued

Table for Trusts: Stock, Price, % Chg, Div, Yield.

TRUSTS—Continued

Table for Trusts: Stock, Price, % Chg, Div, Yield.

TRUSTS—Continued

Table for Trusts: Stock, Price, % Chg, Div, Yield.

TRUSTS—Continued

Table for Trusts: Stock, Price, % Chg, Div, Yield.

TRUSTS—Continued

Table for Trusts: Stock, Price, % Chg, Div, Yield.

MINES—Continued

Table for Mines: Stock, Price, % Chg, Div, Yield.

MINES—Continued

Table for Mines: Stock, Price, % Chg, Div, Yield.

MINES—Continued

Table for Mines: Stock, Price, % Chg, Div, Yield.

NEWSPAPERS, PUBLISHERS

Table for Newspapers, Publishers: Stock, Price, % Chg, Div, Yield.

TEXTILES

Table for Textiles: Stock, Price, % Chg, Div, Yield.

TEXTILES

Table for Textiles: Stock, Price, % Chg, Div, Yield.

TEXTILES

Table for Textiles: Stock, Price, % Chg, Div, Yield.

TEXTILES

Table for Textiles: Stock, Price, % Chg, Div, Yield.

TEXTILES

Table for Textiles: Stock, Price, % Chg, Div, Yield.

PAPER, PRINTING, ADVERTISING

Table for Paper, Printing, Advertising: Stock, Price, % Chg, Div, Yield.

PAPER, PRINTING, ADVERTISING

Table for Paper, Printing, Advertising: Stock, Price, % Chg, Div, Yield.

PAPER, PRINTING, ADVERTISING

Table for Paper, Printing, Advertising: Stock, Price, % Chg, Div, Yield.

PAPER, PRINTING, ADVERTISING

Table for Paper, Printing, Advertising: Stock, Price, % Chg, Div, Yield.

PAPER, PRINTING, ADVERTISING

Table for Paper, Printing, Advertising: Stock, Price, % Chg, Div, Yield.

PAPER, PRINTING, ADVERTISING

Table for Paper, Printing, Advertising: Stock, Price, % Chg, Div, Yield.

PROPERTY

Table for Property: Stock, Price, % Chg, Div, Yield.

PROPERTY

Table for Property: Stock, Price, % Chg, Div, Yield.

PROPERTY

Table for Property: Stock, Price, % Chg, Div, Yield.

PROPERTY

Table for Property: Stock, Price, % Chg, Div, Yield.

PROPERTY

Table for Property: Stock, Price, % Chg, Div, Yield.

PROPERTY

Table for Property: Stock, Price, % Chg, Div, Yield.

INSURANCE

Table for Insurance: Stock, Price, % Chg, Div, Yield.

INSURANCE

Table for Insurance: Stock, Price, % Chg, Div, Yield.

INSURANCE

Table for Insurance: Stock, Price, % Chg, Div, Yield.

INSURANCE

Table for Insurance: Stock, Price, % Chg, Div, Yield.

INSURANCE

Table for Insurance: Stock, Price, % Chg, Div, Yield.

INSURANCE

Table for Insurance: Stock, Price, % Chg, Div, Yield.

Financial Times Tuesday March 22 1977

